Daily Report

Latin America

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FBIS-LAT-94-018 *27 January 1994*

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Area Diplomats 'Somewhat Dissapointed' by Clinton Speech

PA2601232794 Madrid EFE in Spanish 2025 GMT 26 Jan 94

[Report by Francisco Roque Bacarreza]

[Text] Washington, 26 Jan (EFE)—The Latin American and Caribbean diplomatic communities in Washington today were somewhat disappointed by U.S. President Bill Clinton's speech because he dedicated only three lines to them.

"We have summoned a summit of continental leaders from Canada to South America. And we will continue to exert pressure to restore democracy in Haiti," Clinton plainly said in his State of the Union address on the evening of 25 January before Congress.

Nevertheless, as certain Chilean and Mexican diplomats noted, Clinton's constant references to efforts already made to liberalize international trade also pertain to Latin American nations. An Andean diplomat said, "If we fail to do our homework—adjust and modernize structures—it will be very difficult to heighten the interest of the United States and its corporations." His opinion was shared by a Brazilian diplomat and a third person from Central America, who discussed Clinton's message in private.

Meanwhile, Isaac Cohen, director of the Economic Commission for Latin America and the Caribbean (ECLA), told EFE: "It is up to us, the Latin Americans, to turn those three lines into a large door."

Cohen described the meeting confirmed by Clinton as a "very important" opportunity for the heads of state of the entire continent and the Caribbean.

The effort, to which Cohen and the diplomats who were consulted referred, pertains to negotiations between Latin American and Caribbean nations and the United States on the basis of the results and progress made in structural adjustment and modernization plans to achieve an adequate level of competitiveness abroad.

Several of the presidents who visited President Clinton in the past year, such as Argentina's Carlos Menem, and the heads of state of Central America and the Caribbean pointed out the need to change the terms of relations with the United States. In this regard, they agreed on the need to expand trade opportunities in the U.S. market, to offer facilities for the investment of capital, and to support technological cooperation.

According to certain State Department diplomats, the hemispheric summit, whose date and site have not yet been determined, could take place during the second half of 1994. Diplomatic sources predict the meeting will take place in Miami (Florida) prior to the election of certain governors and the partial renewal of the U.S. Congress in November. The heads of state of the nations of the inter-American system have not met since 1967. The last "summit" was held at the Punta del Este (Uruguay) beach resort.

Diplomats consulted by EFE, who were somewhat disappointed, said they were not surprised by the content of Clinton's speech, which focused on domestic matters and left foreign policy on a secondary level. The hemispheric "summit" could focus on trade, democracy, poverty, and social politics, according to sources close to the initial preparations. In a message read on 25 January before a solemn session of Congress, Clinton made constant references to U.S. interest in expanding free trade borders to improve the people's living standards. The drug trafficking issue was not singled out, but Clinton included it in a new battle front opened by his government to combat a wave of violence, which is among the major concerns of this country.

Cuba

Havana Notes 'Over-Confident' Clinton Address

FL2601173494 Havana Radio Reloj Network in Spanish 1521 GMT 26 Jan 94

[Text] U.S. President Bill Clinton has just identified the top goals of his administration and Congress for 1994: To reform the health care system and reclaim the streets from crime and drugs. In his first State of the Union address given on 25 January before a joint session of Congress and televised nationwide, the President emphasized domestic issues. However, he stressed that the change in the former socialist bloc into a market economy is a guarantee for Washington. Clinton urged Congress to approve this year his health reform bill, threatening to veto any legislation that does not guarantee private health insurance for every American that can never be taken away.

Clinton praised the participation of U.S. troops in missions such as Somalia, although he made no reference to the military failure endured in that country.

President Clinton's address to the Congress made use of an over-confident language which with he praised his program to reduce the budget deficit and the approval of NAFTA. In reference to the nationwide problem of crime, he solidly supported legislation to put another 100,000 policemen in the streets, permanently jail criminals after their third felony, and ban assault weapons. Clinton also turned down reducing the U.S. military budget despite the fact that many people had asked him to reduce it in order to pay for other government programs. In his address Clinton did not give figures for military expenses next year, although he stressed that the current budget guarantees the capabilities of the Armed Forces.

Lage Calls for Eradication of Black Market Profiteers

FL2601142294 Havana Radio Rebelde Network in Spanish 1000 GMT 25 Jan 94

[Text] Politburo member Carlos Lage has called for the eradication of profiteers who are illegally filling their pockets in the black market. In a meeting with 102 presidents of the Havana People's Councils, Lage, also the secretary of the Council of Ministers, suggested that no more licenses be granted or that they be suspended for craftsmen whose products are made with raw materials of a dubious origin.

The participants in the meeting advocated the need to increase taxes on surplus profits and price regulations. Likewise, the presidents of the Havana People's Councils, stressed that domestic messengers ought to pay taxes since they are earning much more than what Interior Commerce established. Other issues discussed in the meeting were Havana's garbage removal system and the delivery of the winter campaign products to the people. Pedro Chavez, president of the people's government in Havana and member of the Central Committee, was also present at the meeting.

Journalists on Purge of Illegal Wealth

FL2601223594 Havana Radio Rebelde Network in Spanish 1700 GMT 26 Jan 94

["Straight Talk" program with host Juan Carlos Roque Garcia and guest Osvaldo Rodriguez of JUVENTUD REVELDE magazine—live]

[Text] [Roque] The people's call to eradicate the wealthy [macetas] is today's subject. I believe we must first properly define why the people are asking for this, so that everyone can understand. Many people still do not understand the situation with the wealthy.

[Rodriguez] I believe it is offensive that there are those in our society who live well above the means of the people, in what amounts to sneering at the people, particularly humble workers. They do this contemptuously. They live off crime, have made it their lifestyle. They can therefore buy even the volition of weak people who are willing to sell out for money.

[Roque] Following your thought, we can define two types of wealthy people. There is a difference between the wealthy you have just mentioned and the other kind, no less wealthy—pardon the redundancy—who have earned their money through hard work.

[Rodriguez] Yes, I believe we must stress the difference. We recently spoke about this matter on this program. We asked ourselves if there were honest wealthy people, and became entangled in irrelevant issues.

It is important to explain this. We use the term maceta to define anyone who has a little money. We need to clarify that not everyone who has money has attained it dishonestly or illegally. There are people who may have inherited money from relatives. Some, through work, have attained certain levels of wealth, particularly as a result of certain policies—some say erroneous economic policies. I truly believe that some people have taken advantage of specific situations. In this regard, I wish to mention the highly deserved money of farmers. Not all farmers engage in the black market. I believe this is quite clear. I know of farmers who plant tobacco, particularly in Pinar del Rio where the prices are much higher due to the quality of the leaf, and farmers in Havana who plant crops such as garlic. In both cases, I have seen that without needing to engage in the black market, they make a good profit selling their crops. This is deserved in view of their immense efforts.

[Roque] Now that we have clarified this, we are ready to discuss the people's call for eradicating the wealthy. I would like it to be clearly understood the type of wealth we are going to speak about.

[Rodriguez] I believe we need to reflect the calls from certain workers assemblies to confiscate the money of those who have attained it illegally, specifically referring to those people we mentioned. I believe that there are

inequalities in today's society that we need to accept even though they are unfair. These inequalities are created by such factors as the fact that there are people entitled to receive help from relatives abroad. There are other inequalities created by the fact that certain people have access to hard currency income, such as tourism workers who receive tips in foreign currencies. This currency helps them, to a certain degree, satisfy some essential needs.

[Roque] There are other inequalities that have taken place for years, such as the case of these wealthy people. I believe this should be the focus of today's program.

[Rodriguez] At the beginning, I mentioned criminals specifically. I believe that the word wealthy is not the appropriate term. We are talking about criminals, those who have illegally amassed money and who today anger our workers, those of us who earn an honest living. There is a general call within these assemblies. Everyone is wondering: How? How are we going to confiscate the money of the wealthy?

[Roque] How do you determine who they are?

[Rodriguez] How are we going to determine whether someone's money was amassed legally or illegally? I have been thinking about these issues and have discussed them with numerous comrades. In every neighborhood, we know who is who. I believe the most trustworthy information on the activities of any citizen comes from his neighbors. As a matter of fact, we have the Unified Vigilance and Protection System [SUVP]. The Committees for the Defense of the Revolution are one of the most important components of the SUVP. They can contribute much of this information. We also have the recourse of police investigations. There is also the option of bringing that citizen to court to prove that his wealth was amassed illegally.

I believe that these are the plausible means of not only confiscating the money... [changes thought] We are also going to discuss how these people live today. We could confiscate money and goods, which would be the legal means of appropriating the highly arrogant lifestyles of these people.

[Roque] Undoubtedly, the implementation of this measure is extremely difficult. You just explained that it will not be easy to establish this differentiation.

[Rodriguez] There is also a margin of error. Errors might be made. There are people who might make it look like everything was amassed legally. Only an in-depth investigation might indicate otherwise. Inversely, there are those one might suspect of being involved in criminal activities, but who can prove that everything is legal.

[Roque] What we can be sure of is that the investigation will always be fair and that the margin of error will not produce injustice. Errors might occur, but they will be in terms of the impunity of some people.

[Rodriguez] Of course, at least for a while. I do not believe that impunity in this type of action can last long; at the beginning perhaps, in a first offensive. But this type of offensive needs to be permanent in nature. It cannot be like those campaigns in the past, when a large number of people were arrested, practically guilty, but since there was no evidence, many were freed, or were able to demonstrate where their money came from. I also think that... [changes thought]

Later on we will talk about goods. It is being said that since there are already rumors, and that since the people are demanding eradication of the wealthy, this social ballast is infecting certain neighborhoods. They have, of course, reacted; they know who they are. They know who the people are talking about. They are trying to find a escape. I wish to use this nationwide program to tell them that escape is going to be very difficult once the people's watchful eyes enter the picture.

[Roque] Many believe that since we are talking so openly on the radio, and the wealthy know that measures against them are going to be taken, this gives them a chance to seek solutions to their problem. However, you mentioned that the people are aware of all of this. Since the people are the ones calling for the eradication of the wealthy, are asking the authorities to please eliminate this social scum, the people need to support the authorities—police and courts—in order to eradicate them. We must have witnesses. In order to sentence someone in court, we need witnesses.

[Rodriguez] Undoubtedly, these people are preparing. The people are surely aware of this, and need to be on alert so they can provide the required information. It is obvious that these people will try to get rid of their Cuban money, probably in large amounts, by converting it into goods. It is known that many of them have done this on other occasions when they felt threatened by a change in the currency. Now, there is much talk about a change of currency. I do not know if this will happen or not. However, there is much talk about it. I am convinced that they have tried to mend their finances—to put it in economists' technical terms. There are also those who have changed their Cuban currency into foreign currencies to protect themselves from a change.

[Roque] It is being said that foreign currency exchange rates have increased recently in the black market precisely because of this.

[Rodriguez] That is not all. I remember that it used to be said— before the unions implemented the new system—that in order to get a table in a restaurant you need to generously bribe the maitre'd. Who can afford a 200, 300, 400, 500-peso bribe to get a table but those who have made that money easily? No one who works for his money can afford to do this. These people corrupt anyone they come in contact with. They corrupt their families, and even their neighbors.

[Roque] We need to remain alert.

[Rodriguez] Yes. I believe we need to be very alert, need to keep our eyes wide open. The Cuban people should be on the lookout for this type of criminal who nowadays

hurts us the most. I believe that all criminals hurt us. However, the wealthy do the most material and moral damage.

Teja, Ross Attend Workers Assembly at Havana Hospital

FL2601134394 Havana Radio Progreso Network in Spanish 1200 GMT 26 Jan 94

[Text] Public Health Minister Julio Teja has reaffirmed in Havana that implementing a system of cost controls by illnesses and areas should be the goal of all hospitals in Cuba in addition to efforts to improve the quality of services. Pedro Ross, member of the Politburo and secretary general of the Cuban Workers Federation, also attended the workers' assembly at Enrique Cabrera Teaching Hospital where doctors, specialists, nurses, and paramedics analyzed significant problems of the sector and national economy.

Teja described the hospital as a national vanguard in the implementation of the cost control system by pathologies and areas which permits, for example, knowing how much it costs to treat a myocardial case or for surgery for specific illnesses. During the meeting, several hospital workers stressed the need to know and discuss the material costs incurred by the hospital and a medical sciences teacher asked the cost of training medical personnel, stressing that as long as this is not known our economic awareness will be lacking.

In the closing of the first health workers assembly in Havana, Pedro Ross stressed that this process of consultation with the people seeks to find intelligent and effective measures, not only in financial terms, but also organizational in order to increase economic efficiency above all.

PCC Member On Economic Situation in Pinar del Rio

FL2601172794 Havana Radio Rebelde Network in Spanish 1255 GMT 26 Jan 94

[Telephone interview with Jose Marrero Camacho, member of the Central Committee of the Communist Party of Cuba and president of the Provincial Assembly of the People's Government in Vuelta Abajo, Pinar del Rio Province, by Guillermo Cabrera in Pinar del Rio—live]

[Text] [Cabrera] The country is seriously trying to streamline internal finances and especially to make the economic policy more effective. What is Pinar del Rio doing in this regard?

[Marrero] Well, as you said, what Pinar del Rio is doing, and what we did initially, is to try to be more effective in our production, especially taking into account the fact that we have lost millions in our agriculture, in our Sugar Industry Ministry [Minaz], in our production. The first measure to adopt, and which we are doing, is discussing in each workers' meeting the process being carried out jointly with the Cuban Workers Federation, the workers' parliament in the workplace, discussing the things that can be done there to reduce production costs, to be more effective in our activities. These are the main measures.

[Cabrera] Excuse me, Marrero, how much did Pinar del Rio lose last year?

[Marrero] Some 400 million [currency not specified] taking into account the losses in the agriculture and construction sectors, the Minaz, and even the expenses incurred by the people's government. According to the latest figures we have been assessing, the loss totals approximately 389 million [currency not specified]. We must also mention other measures, as you said, which are being adopted. But the essential ones are: how to produce more and how to produce more effectively. And at what level are we taking these measures? We are taking them at the level of the people's council. This a subject being discussed at the people's council. We can see how our president, the members of our council are participating in each of these centers, evaluating suggestions, seeing what can be done, and where are our failures, seeking to solve these problems. If we manage to reduce our loss by 50 percent this year, it will be 200 million [currency not specified], and 200 million with other measures. But this is not easy to achieve. However, we see that 50 percent is due to inefficiency in production. We are seeing this in an essential sector. We are seeing this in the agricultural area, especially that having to do with tobacco. We are getting ready for a historical harvest. The climate is good, but we can see that salary cost in the tobacco field is 50 percent of our salary costs in other places. We can better employ our labor force, we can reduce the daily movements of workers; we can better organize our battalions, and the Basic Cooperative Production Units [UBPC] will work more efficiently. So, there is an economic awareness which is leading people to see where they are spending each centavo, where are our resources are invested to make our production more efficient.

[Cabrera] How is the government working to....

[Station announcer] Well, we have lost our communications with Pinar del Rio Province. We are going to try a new contact later through Radio Guama.

Canadian-Made Transmitter Installed in Villa Clara

FL2601172994 Havana Radio Rebelde Network in Spanish 1253 GMT 26 Jan 94

[Text] The installation of a modern 10-kilowatt radio transmitter for the Villa Clara CMHW provincial network will be concluded shortly. This new transmitter will allow optimum signal quality on 840 khz and it will cover a transmitting range which is almost three times the current range. In other words, it is three times superior to the current equipment. This is the first 10-kilowatt Canadian-made transmitter installed in the country. The work was begun last week by a group of Communications Ministry engineers and technicians.

In addition to the Villa Clara CMHW transmitter, a similar one is being installed for Radio Rebelde on 1180

khz. This will improve the signal of this national radio station in our territory [no specific location given].

Station Comments on Alexander Watson's Statements

FL2601205194 Havana Radio Rebelde Network in Spanish 1800 GMT 26 Jan 94

[Station commentary by Jose Armas]

[Text] A few days ago, Costa Rican Foreign Minister Bernd Niehaus said that if he is elected OAS Secretary General, he will work hard to ensure that Cuba will again become an active member of the regional organization. This is not the first time statements on this topic have been made by politicians, governments, or unity-seeking groups; however, the United States has always used various excuses to reject the idea of Cuba rejoining the organization. This time the rejection has been expressed by Alexander Watson, assistant secretary for Inter-American Affairs. When asked to comment on Bernd Niehaus' statement, Mr. Watson said that it was premature to consider Cuba's reinstatement in the OAS because, according to him, the factors that determined Cuba's exclusion from the OAS in 1962 continue to prevail.

Let us stop here for a minute and add: At no time has Cuba requested reinstatement as a member of the OAS. Our country's position regarding this matter is as follows: If the regional organization believes it would be useful and convenient for Latin American unity, and should it request Cuba's reinstatement in the organization, then our country would have no reason to deny the request, despite the presence of the United States. Second, those excluding factors Mr. Watson has mentioned are none other than the socialist nature of the Cuban Revolution and Cuba's categorical refusal to assume the role of subordinate to U.S. policy. Since this is what Mr. Watson is referring to, then the factors continue to prevail. Third, Cuba, as a Latin American and Caribbean country, has worked as hard as any other country to ensure well-being and security for the peoples of the continent. It has worked hard to ensure unity and integration of the peoples of the continent, based on absolute respect for the rights of sovereignty and self-determination.

We wish to remind Mr. Watson that: Cuba is willing to be a part of a united and integrated Latin American and to sit down and broach any issue. President Fidel Castro, at the First Ibero-American Summit in Guadalajara, Mexico in 1991, said: The important thing is to unite our wills and efforts to ensure not only economic, but also political integration and unity.

There can be no greater commitment to a neighbor than this, whether or not we are members of the OAS. Mr. Watson must not forget this.

Pharmaceutical Sales to Brazil Contract Signed

FL2701030494 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 27 Jan 94

[Text] Information from Rio de Janeiro states that Cuba and Brazil have signed a contract for the sale of $30 million worth of generic medicines to Brazil, to be delivered in four months. The contract does not include vaccines and refers to a specific area of generic medicine. Jose Ignacio Goicochea, Cuban vice minister of public health, and Brazilian Minister of Health Henrique Santillo signed the agreement. The entire ministerial cabinet of Brazil and (Saulo Pinto Moreira), special adviser to the president, were present at the signing of the contract.

Haiti

Deputies Adopt 48-Hour Ultimatum Resolution

FL2701003794 Port-au-Prince Signal FM Radio in French 1130 GMT 26 Jan 94

[Excerpt] The deputies finally met in assembly. About 58 of them participated in the 25 January session. This time, all leanings were represented at the session. A true debate took place under the presidency of Deputy Frantz Robert Monde. Several issues were tackled. The president of the assembly took the opportunity to deny allegations by the Committee of Actions for National Reconciliation [CARENA] spokesman Adyjeangardy relating to possible participation by the Chamber of Deputies in the national conference on 6 February. It is simply false, he uttered. I have given my support to the principle, but the Chamber cannot send an official delegation to this conference, he explained.

What most attracted attention at this session was the resolution project presented by a group of parliamentarians of the south who have enjoined President Aristide to designate a new prime minister within the next 48 hours. This resolution caused much ink to flow in the Haitian parliament. It is a true ultimatum. An ultimatum cannot be issued to the president of a republic, one deputy objected.

It was a very animated, passionate debate during which partisans and opponents changed their viewpoints. Finally, the Assembly gave its sanction. Thanks to votes by the Alliance for Parliamentary Cohesion and the socialists, the principle of urgency was adopted by the Chamber. A special committee was constituted to give a ruling on the matter.

Urgency or ultimatum? The question remains unanswered. Behind the scenes of the Chamber, a resolution project aimed at dismissing President Aristide for serious violations of the Constitution is being discussed. On the side of the ACP, steps are being taken: they are reportedly finishing up this resolution project. But at yesterday's session, they were concerned instead with the justification or nonjustification of a resolution summoning the head of state to designate a new head of government. [passage omitted] [end recording]

Commercial Enterprises To Shut Down 28 Jan to 9 Feb

FL2701001394 Port-au-Prince Signal FM Radio in French 1130 GMT 26 Jan 94

[Excerpts] Commercial enterprises will discontinue activities at noon on Friday, 28 January, and will resume them at noon on Wednesday, 9 February, to compel the parties involved in the Haitian crisis to submit themselves to the interests of the nation, forcing the sanctions against the country to be lifted.

This is the resolution adopted by the 15 employers' associations who gathered yesterday at the Villa Creole Hotel. Our colleague Jean Luckenson attended this session. Let us listen to his report.

[Begin recording, in Creole] All commercial and industrial enterprises and services will discontinue operations as of Friday, 28 January at noon, until Wednesday, 9 February inclusive, to force all concerned parties to submit themselves to the superior interests of the nation and to obtain the lifting of the embargo against Haiti. This is the resolution that emerged from the meeting held by 15 of the 16 employers' associations on Tuesday, 25 January, at the Villa Creole Hotel on the economic crisis the country has been experiencing for over 28 months, and which has become increasingly more alarming as a result of the fuel problem, and which has already caused much ink to flow. [passage omitted]

The decision resulting from this meeting does not concern the health sector. All of the employers agree to create a crisis committee, which will have the mission of ensuring follow-up of the resolutions that resulted from the 25 January meeting. A report will be sent to the employers' associations, which will meet again to adopt whatever additional measures might be necessary.

By the way, the employers' sector recommended that insofar as possible, its members take the interests of the workers into account. We should tell you that this meeting began at 0930 and ended at 1800, and was held at the initiative of the Haitian Chamber of Commerce [and Industry], which had several times requested the lifting of the embargo against Haiti.

Jean Luckenson for Signal FM. [end recording]

UN/OAS Civilian Mission Observers Expected 26 Jan

FL2601230194 Port-au-Prince Signal FM Radio in French 1130 GMT 26 Jan 94

[Text] We have learned from a reliable source that about 30 members of the [UN/OAS] Civilian Mission are expected in Port-au-Prince on Wednesday, 26 January. The UN/OAS Civilian Mission observers left Haiti for the Dominican Republic at the end of October.

Aristide, Canadian Foreign Minister Reach Agreement

FL2601233394 Port-au-Prince Radio Metropole in French 1145 GMT 26 Jan 94

[Excerpts] President Aristide continues his tour of Canada. President Jean-Bertrand Aristide was due to meet with Canadian Prime Minister Jean Chretien on 25 January.

Following an initial meeting with Canadian Minister of Foreign Affairs Andre Ouellet, Jean-Bertrand Aristide, on 25 January, also met with a Canadian delegation led by Mr. Ouellet. The two delegations, Haitian and Canadian, discussed a number of subjects, agreeing on the following points:

The imposition of a total embargo to relieve the situation in Haiti as soon as possible.

The training of a police force, outside of Haiti, with the collaboration of the United Nations or with the participation of several friendly countries. According to the agreement concluded by the two governments, this force will be trained not only in maintaining order and security, but also in respect for the laws and Constitution. [passage omitted]

During the talks, the two delegations also reviewed several areas of activity in which Haitian-Canadian cooperation would be broadened, including education, literacy, cooperatives, communication, and energy, following the return of democracy to Haiti.

It should also be noted that the possibility of a radio station broadcasting to Haiti has also been discussed.

National Mediation Committee Meets Press 26 Jan

FL2701005594 Port-au-Prince Radio Metropole in French 1700 GMT 26 Jan 94

[Excerpt] The National Mediation Committee intends to present itself to the public this Wednesday [26 January] during a meeting with the press. The committee includes 11 personalities from various sectors and intends to rally all sectors to the discussion table with the objective of drawing a compromise for a quick solution to the crisis.

The coordinator of the movement, Gerard Bailly, told us that the committee was already at work and has already made initial contacts with the Army, the parliament, and the international community. Bailly asserts that the National Committee For Mediation intends to accomplish its tasks objectively in order to prepare the field for a national conference. [passage omitted]

Southeast Group Calls for Mobilization of New Government

FL2701013794 Port-au-Prince Radio Metropole in French 1700 GMT 26 Jan 94

[Text] The Group of Citizens of the Southeast met with the press on 24 January regarding the resolution of the Congress for National Salvation, which was held on 18 to

20 January in Port-au-Prince and which formed a government of three members. Our correspondent in Jacmel, Pierre Nazon Beauliere, reports:

[Begin recording, in Creole] [Beauliere] The representatives of the Group of Citizens of the Southeast met with the press on 25 January to explain to the population what they discussed and adopted in the 18 to 20 January congress in Port-au-Prince. The group called for a mobilization of Southeast citizens to support the resolution that emerged from the congress. For Mr. Ducles Louis, member of the Group of Citizens of the Southeast, the resolution of the congress will allow a solution to the crisis that the country has been facing for 28 months. The committee of the Group of Citizens of the Southeast is sending invitations throughout the region for people to participate in the installation of the Government of Public Security.

[Louis] [Words indistinct] most likely that we will have to install within the next 48 hours. Thus, our tasks right now in the Southeast... [changes thought] We left Port-au-Prince with the project of coordinating the bureau there, and we returned nome to call for mobilization to Port-au-Prince for the installation of the Government of Public Security. [end recording]

[Beauliere] The resolution of the Congress for National Salvation did not get the approval of all political sectors in Jacmel. Some groups do not agree because not all the sectors are represented within that government. Others stated that they did not have enough information on the decision: Will it allow the embargo to be lifted and national reconciliation to take place?

The formation of the Group of Citizens of the Southeast and formation of the delegation representing the Southeast in the 18 to 20 January congress in Port-au-Prince created great division within the sector always opposed to Father Aristide. They criticize one another over the people chosen to represent Jacmel in this congress. They think those choices were made in camera for personal interests.

This has been Pierre Nazon Beauliere in Jacmel for Radio Metropole. [end recording]

Netherlands Antilles

Clinton State-of-Union Address Reported

FL2601212794 Bonaire Trans World Radio in English 1100 GMT 26 Jan 94

[Text] In his first State of the Union address, United States President Bill Clinton, has repeated his call for reform of both his nation's health care and welfare. He said he would veto any bill that does not contain universal health coverage. He also called for action to reduce crime and urged a ban on assault rifles. Public opinion polls s how that a majority of Americans liked the president's speech. The oposition leader in the Senate, Bob Dole, used charts to suggest that Mr. Clinton's healthcare reform plan means more governmental control.

St. Kitts and Nevis

Opposition Protests New Session of Parliament

FL2601174694 Bridgetown CANA in English 1555 GMT 26 Jan 94

[Text] Basseterre, St. Kitts, 26 Jan, CANA—A new session of the St. Kitts and Nevis Parliament opened Wednesday to noisy opposition protests.

Several supporters of the opposition St. Kitts-Nevis Labour Party demonstrated outside parliament as Governor General Sir Clement Arrindell read the traditional throne speech.

The Labour Party is pressing for fresh general elections, saying the minority coalition People's Action Movement/Nevis Reformation Party government had no moral authority to run the twin-island state.

The last general election here, in November 1993, produced no clear winner. PAM and the Labour Party each took four of the 11 seats at stake.

The Nevis Reformation Party picked up just one seat and the Concerned Citizen's Movement two.

The coalition controls just five of the 11 parliamentary seats.

Prime Minister Kennedy Simmonds this week appealed for the maintenance of law and order ahead of the demonstration.

He said the police had given no permission for the demonstration and warned: "Those who break the law will be dealt with appropriately."

On Wednesday, there was a strong police presence outside the parliament building.

Two Injured in Protest

FL2601182394 Bridgetown CANA in English 1716 GMT 26 Jan 94

[Text] Basseterre, St. Kitts, 26 Jan, CANA—At least two persons were reported to have been injured here Wednesday after police moved to disperse a crowd of opposition St Kitts-Nevis Labour Party (SKNLP) supporters calling for fresh general elections.

The protest outside government headquarters coincided with the start of a new parliamentary session at which members of the National Assembly, chosen in inconclusive general elections last November 29, took their oaths of office.

Eyewitnesses said there were loud explosions as police fired stun grenades to keep back the crowd and clear the way after the ceremony for the exit of Governor-general Sir Clement Arrindell, Prime Minister Dr Kennedy Simmonds and other officials.

One of the two persons taken to hospital for treatment, had head wounds after reportedly being struck with a baton by a police officer.

Governor-General Opens Parliament

FL2601192994 Bridgetown CANA in English 1856 GMT 26 Jan 94

[Excerpts] Basseterre, St. Kitts, 26 Jan, CANA—St Kitts-Nevis' ruling minority coalition which is under increasing pressure from the opposition to resign, on Wednesday outlined its agenda for the new five year term.

Governor-general Sir Clement Arrindell, delivering the traditional throne speech at the opening of a new session of parliament, said particular attention would be paid to the special needs of low wage earners, the unemployed, senior citizens, women and young people.

"We will strengthen mechanisms aimed at ensuring that the fruits of economic expansion are equitably shared and enjoyed by all categories of persons in the society," Sir Clement told the National Assembly.

"We will also continue to implement a variety of programmes .... To provide a social safety net for the protection of lower income groups," the head of state added.

As Sir Clement spoke, loud explosions could be heard outside as the police fired stun grenades to keep back a crowd of opposition supporters calling for new elections.

The four elected St Kitts-Nevis Labour Party MPs boycotted the ceremony. [passage omitted]

Trinidad and Tobago

Government To Accelerate Debt Collection Efforts

FL2601031294 Bridgetown CANA in English 2155 GMT 25 Jan 94

[Report by Linda Hutchinson]

[Text] Port-of-Spain, Trinidad, 25 Jan, CANA—The Trinidad and Tobago Government will accelerate its efforts to recover money owed to it by at least six Caribbean Community (Caricom) countries, a government minister reported Tuesday.

"This process was started by the Ministry of Finance in 1993. In 1994, the minister of finance will attempt to accelerate the process through direct contact with his counterparts in the defaulting countries," Junior Finance Minister Ken Valley said in the Senate.

"These efforts are expected to culminate in 1994 with the full regularisation of the arrears." He named Antigua and Barbuda, Dominica, Grenada, Jamaica, St. Lucia, and St. Vincent and the Grenadines as countries not currently servicing all of their liabilities to Trinidad and Tobago.

"In some instances, no terms and conditions were determined for the repayment of the advances," he reported. "It is also the case in many instances that the countries defaulted several years ago. At this point, therefore, it has become necessary to verify the outstanding balances before the full recovery can be negotiated." At the end of December last year, U.S.517 million dollars was due to Trinidad and Tobago by its Caricom partners. The money represents only the bilateral portion of Trinidad and Tobago's debt portfolio. The multilateral arrears under the collapsed Caricom multilateral clearing facility amounted to almost 33 million dollars at the end of last year.

Out of the indebted countries, only Belize and St. Kitts are fully current and to-date they have repaid principal sums of TT 65,620 dollars and 1,555,914 dollars (one TT dollar = 17.5 U.S. cents) respectively on the original loan balances, the minister said. Antigua and Barbuda owed U.S.2.5 million dollars; Dominica 1.3 million dollars; Grenada over 600,000 dollars; Jamaica 97,000 dollars; St. Lucia 388,000 dollars; and St. Vincent and the Grenadines 100,000 dollars. The Trinidad and Tobago Government was expected to sign, early this year, a bilateral agreement with the Government of Guyana, whose bilateral liability to the government here and the central bank was U.S.487 million dollars or 94 percent of the total debt. The Guyana debt was restructured in 1989 but subsequently fell into arrears. In August last year, a team of government officials from Trinidad met with Guyanese counterparts to negotiate a memorandum of understanding for the consolidation of the debt. A memorandum was signed by both governments and forms the basis of a bilateral agreement between both countries.

The agreement provides for the liquidation of the arrears of 34.5 million dollars which was due from August 1990 to July 1993. The agreement provides for a rescheduling of these arrears over a twelve-year period with a six-month moratorium on principal repayment. The 1993 agreement also provides for two semi-annual payments of 10.5 million dollars in 1994 and similar amounts in 1995 and 1996.

"Payments falling due under this agreement may be reduced by a range of debt conversion techniques including debt-equity swaps," said Valley. In pursuit of debt-equity swap opportunities, in March this year, the government is mounting an investment and trade mission to Guyana. The aim of the mission is to identify businesses in Guyana in which the participants, both from the private and state enterprises sectors, will be prepared to make equity investments."

With regard to the recovery of the amounts due to the Trinidad and Tobago Government and central bank by the government and Central Bank of Barbados, both governments last December signed a memorandum of understanding. The memorandum provides for the set-off of the government of Trinidad and Tobago's share of the liability of the cargo airline Caricargo to the Barbados National Bank against the debt of the Government of Barbados and the Central Bank of Barbados to Trinidad and Tobago.

Caricargo's debt to the Bank of Barbados is Bds59 million dollars (one Bds dollar = 50 U.S. cents) with Trinidad and Tobago's share being 29.5 million dollars.

The debt set-off will result in Barbados' U.S.25 million dollar liability being reduced by U.S.15.3 million dollars.

Salinas Stresses Need for Peace; Returns From Chiapas

PA2701033294 Mexico City Radio ACIR Network in Spanish 0030 GMT 26 Jan 94

[Report by Elizabeth Diaz Otero from Los Pinos Presidential Residence in Mexico City; from the "Vector 21" newscast]

[Excerpts] President Carlos Salinas de Gortari traveled this morning to Tuxtla Gutierrez, the capital of Chiapas State, to give his full attention and time to efforts for promoting peace, justice, and democracy, as well as to efforts to support the human rights of the people of Chiapas State. At the Government Palace, the president met with 42 representatives of 280 peasant and Indian organizations. For one and one-half hours, he listened to the demands of the various representatives, all of whom spoke with great sincerity, and he had answers for each one of them. He told them that, first, the emergency would be addressed, but he added that measures also would be taken to combat and resolve long-term problems.

President Salinas listed the specific plans to assist those people who have been affected by the violence that has been unleashed since 1 January. He said:

1. In terms of supplies, Conasupo [National Company for Basic Commodities] Director Javier Bonilla Garcia will remain in Chiapas to ensure regular food supplies to the conflict zone without overlooking other areas.

2. In terms of medical services, the Health Secretariat and the Mexican Social Security Institute will establish aid centers, especially for families within the conflict zone.

3. Widows and orphans will receive aid through a trust that must begin operating before the end of the week. It will give government assistance to widows, as well as scholarships to orphans of the conflict.

4. The authorities will offer facilities that will enable families to return.

5. Facilities will be offered to the State Council of Indigenous and Peasant Organizations of Chiapas.

6. The president said that human rights will be respected, and he gave assurances that the commission headed by Dr. Jorge Madrazo will not conceal anything and will review with impartiality and resolve all reports from and charges made by the people.

7. Regarding Agrarian topics, Agrarian Reform Secretary Victor Cervera will open an office in Chiapas to help in whatever way it can and to offer alternatives to land demands that cannot be met.

8. To benefit conflict participants under the Amnesty Law, Dr. Jose Naro Robles, technical secretary for the Amnesty Law Commission, is also in Chiapas State. The president explained that in terms of crimes committed prior to the enforcement of the Amnesty Law, the state government, together with the National Indian Institute, will study how to implement a comprehensive system of justice, which will include reforms to the Penal Code.

9. The president also dealt with the issue of peace—the great goal being sought at this moment in Chiapas State. Let us listen to what the president said:

[Begin Salinas recording] We want peace, and not merely to return to the old situation. We want peace, but we want to begin on a new footing. I quote [words indistinct] said: A new stage in Chiapas State of solidarity, respect, support, and construction. This is the promise all of us are making in favor of Chiapas, and I want to tell you [words indistinct]. I am convinced that this will allow us to move ahead in the projects, as was explained here, not only has prevented the solution of urgent problems, but also in- depth problems. [sentence as heard] This is what it is all about, and this will prevent a return to the previous situation. We will confront this situation with the agenda that several of you have outlined, and this will enable us to jointly enter this new stage. [end recording]

President Carlos de Gortari's trip was doubtless unexpected, but it was carried out after peasant and Indian organizations last night invited him to travel as soon as possible to Ocosingo or to San Cristobal de las Casas to listen first-hand to those affected by the violence there.

On Tuesday, 25 days after the conflict began, the president began his trip at approximately 0800. He arrived at Military Base No. 6 in Tuxtla Gutierrez accompanied by his private secretary (Justo Ceja) and General Arturo Cardona, chief of the presidential general staff. The meeting with the Indians and peasants was held at the Government Palace. After listening to all of the participants—20 in all—the president stressed that the government will comply with all that was promised, adding that it will continue to nurture the project he called Life Through Dialogue, Reason, and Respect for Human Life [para la vida, por la via del dialogo, la razon el respeto a la vida humana].

The president left a message for the people of Chiapas. This message was broadcast over the local radio and television stations. The message justifies the Army's work in Chiapas State. [passage omitted]

At about 1500, the president returned to the official Los Pinos residence. Before entering, he was interviewed by reporters. He was asked about the work of Manuel Camacho Solis, commissioner for peace and reconciliation in Chiapas. The president responded by saying Manuel Camacho has fulfilled the responsibilities he assumed, adding that Camacho Solis has exhibited loyalty to the institutions, the president of the Republic, and the entire Mexican nation.

In addition, when asked whether the national solidarity program would remain in effect, the president said solidarity has proven it can produce specific results for the benefit of the poor, and this is why the program will continue to be strengthened, because this has been requested by those who have been helped by the program.

Defense Communique Opens Complaint Office Branches

PA2601170194 Mexico City XEW Television Network in Spanish 0435 GMT 26 Jan 94

[From the "24 Hours" newscast]

[Text] National Defense Secretariat Communique No. 26 states that as of today, the Office of Complaints and Attention to the Citizenry [Oficina de Quejas y Atencion a la Ciudadania], which is under the Office of the Inspector and Comptroller General of the Army and Air Force, has been established in San Cristobal de Las Casas. The office will have representatives in Tuxtla Gutierrez, Oxchuc, Ocosingo, Altamirano, Las Margaritas, and Comitan, among other cities.

The communique says the measure is being taken in order to see that the actions of military personnel toward the civilian population are aboveboard and as another guarantee of our strict respect for the civil rights of the aforementioned population.

Correction to Chiapas Congress Approves Amnesty Law

PA2601204094

The following correction pertains to the item headlined "Chiapas State Congress Approves Amnesty Law," published in the 26 January Latin America DAILY REPORT, page 10: Make source line read: ... Mexico City XEW Television Network in Spanish 0430 GMT 26 Jan 94... (correcting source)

El Salvador

Reserve Bank President Cited on 1994 Monetary Program

PA2601221694 San Salvador EL DIARIO DE HOY in Spanish 24 Jan 94 pp 3, 56

[Text] Central Reserve Bank [BCR] President Roberto Orellana Milla has said, "The main goal of the 1994 monetary and financial program is to achieve economic growth and to create job stability."

The goals established in the program for 1994 include reducing inflation to 8-10 percent, achieving a production increase (real GNP) of between 5 and 6 percent, increasing employment, increasing savings and investments, increasing exports, consolidating fiscal reforms, and increasing competitiveness among banks.

During a lecture to the members of the Salvadoran Association of Business Administration Professionals, Orellana Milla said social conditions were beginning to improve, per capita income was on the rise, family income and job opportunities had increased, and inflation was being reduced.

Orellana said: "Substantial progress has been achieved in the new economic system—the social market economy. Thanks to this new system, the economy is growing steadily and a reduction in the fiscal deficit has been achieved." He also termed as successful the financial reforms of recent years, adding that the privatization of banks has engendered financial transactions that are much more effecient than in the past. Moreover, he said the stock market was rapidly growing and had great potential, adding that greater access to international credit has allowed businessmen a greater availability of funds for mid-term investments.

According to the BCR President, the outlook for 1994 is very encouraging, both for the financial system and the economy in general. Nevertheless, he said there are major mid-term challenges. He defined the challenges for the next five years as follows: Reducing extreme poverty, broadening and consolidating social policy, consolidating the social market economic system, continuing to encourage high and sustained growth with its corresponding creation of jobs, consolidating macroeconomic stability, eliminating the fiscal deficit, effectively integrating with the world economy, and reforming the state.

The BCR president concluded by saying, "The economy now presents many opportunities for businessmen seeking new markets and new business."

Guatemala

Peasants Protest at U.S. Embassy, Seek Debt Relief

PA2701001394 Paris AFP in Spanish 2253 GMT 26 Jan 94

[Text] Guatemala City, Jan 26 (AFP)—About 1,500 Indian peasants from the southern coast of Guatemala protested today outside the U.S. Embassy in Guatemala City. They are asking that their debt with International Development Agency [AID] be forgiven.

The peasants were received at the embassy by U.S. adviser Marilyn McAffe, who refused to speak with the press. The demonstration blocked part of La Reforma Avenue, one of the most important highways in the southern part of the city, causing an enormous traffic jam.

The leaders of the movement explained that AID granted an $11 million loan to the Penny Foundation, which in turn purchased land to sell to the peasants under very flexible payment terms. The drop in coffee prices and other agricultural products, however, has forced the peasants to fall behind in payments. That is why they are asking AID to forgive the debt. The farmers said they would continue to picket until their demands are met.

URNG Says Referendum Seeks Legitimacy for Bad Conduct

PA2601181994 Guatemala City EL GRAFICO in Spanish 25 Jan 94 p 47

[Paid advertisement from the Guatemalan National Revolutionary Unity, URNG; place and date not given]

[Text] URNG [Guatemalan National Revolutionary Unity]

TO REJECT THE REFERENDUM IS TO ANNUL THE SCHEME

Appeal from the URNG:

Given the crisis in Guatemala, as evidenced by former President Jorge Serrano Elias' coup, the roles of the Legislative, Executive, and Judicial Branches have been totally discredited.

Guatemalan society rejects corruption, deceit, schemes, and fraud, and it refuses to continue to live with the impunity with which those state organizations act.

The 30 January referendum plans to legitimize the despicable political and moral conduct that has prevailed in the state branches for years.

The announced constitutional reforms are not the ones Guatemala needs and demands; they are schemes hatched behind civilian society's back that deliberately intend to worsen the national crisis.

The causes that led to the May 1993 coup d'etat remain unsolved. In-depth reforms, based on a different project for the construction of a new nation, are necessary to solve the institutional crisis.

Nicaragua

Continued Reporting on Transportation Strike

Police Commander on Public Safety

PA2601193594 Managua Sistema Nacional de Television Network in Spanish 0100 GMT 26 Jan 94

[From the "National" newscast]

[Text] In an exclusive interview granted to the "National" newscast, Regiment Commander Fernando Caldera [National Police commander] said the population should rest assured that the Police will guarantee public order and security during the current transportation strike, which Caldera described as generally peaceful with no regrettable violence.

Commander Fernando Caldera asserted that the transportation workers' strike has not exceeded the limits of peace and tranquility. To contribute to that atmosphere, the Police have allowed vehicles to be parked on the streets so long as they are not blocking traffic.

Caldera also listed the incidents that have taken place, including the arrest of two armed persons and some broken windows on vehicles belonging to those who support the strike as well as to those who continue to provide service to the population.

Caldera denied that there have been traffic jams in Managua or in any other part of the country.

[Begin Caldera recording] The only incident that has taken place was this morning in Ciudad Sandino, where a group of transportation workers blocked the road. We went there and were able to persuade them to unblock the road, then we left a stronger Police contingent in the area.

There was another small incident. Some young children—13 or 14 years old—threw some stones, but it was not important. They didn't do any damage.

Some have said there was a traffic jam on 4th Avenue, but that is not true. We also received reports of a traffic jam in a place called El Capulina in Granada, but that was not true, either. There were buses on the sides of the street, but no traffic jam.

Generally speaking, the atmosphere has been tranquil in the rest of the country. [end recording]

Caldera denied the statements made by Gustavo Aguiluz, a member of the National Transportation Commission, who asserted that 20 taxi drivers had been arrested.

[Begin Caldera recording; in progress] ... saying we had arrested 20 taxi drivers in the (Repotola) 15. We were very annoyed by that, because if, as a union leader, he wants to heat up the strike, he has every right. However, we do not agree that he should do it at the expense of the Police, that is to say, by causing a state of alert at the expense of the Police. There have been absolutely no incidents in (Repotola) 15. [end recording]

The Police will continue to take the necessary measures to maintain public order, thus preventing the appearance of firearms and violence.

[Begin Caldera recording] People who have carried weapons during past events should indeed worry because we are keeping an eye on them. Those who have not carried weapons can feel calm. Simply put, everyone who we suspect of carrying weapons or anyone who we know was armed during past events should worry, because we are keeping an eye on them. It is true. Why? Because that person was carrying a weapon.

Everyone who has not been involved in violence can be calm because we have no problem with them. Let's put it that way.

However, it is definitely untrue that we have arrested or harassed anyone. I will say, however, that anyone who is going around armed should worry. That is our duty, and we are determine to banish violence and the use of violent methods. [end recording]

The Police's main concern is to keep the strike from creating a violent situation of which criminals could take advantage.

Caldera then emphasized the Police's continuous surveillance and willingness to use force if the situation warrants such actions.

Ministers Give News Conference

PA2601151394 Managua Radio Nicaragua Network in Spanish 1100 GMT 26 Ja 94

[News conference by Pablo Vigil, construction and transportation minister, and Government Minister Alfredo Mendieta with unidentified reporters on 25 January in Managua; from the "This Morning" newscast—recorded]

[Excerpt] [passage omitted] [Reporter] Does this mean you will not continue the talks with the transportation commission [words indistinct] Engineer Vigil?

[Vigil] Absolutely not. We will continue to talk with all groups. We will always be willing to debate, discuss, and hear their opinion on the communique. We are always willing to participate in discussions.

[Reporter] [Words indistinct] stop the strike decreed by the transportation commissions [words indistinct] since Monday?

[Vigil] We believe the measures are quite beneficial for the transportation sector and the general public. That includes the production sector, which will also enjoy the benefits. We do not think there is any reason to continue the stoppage. We are giving an overall solution, a clear and positive solution, to members of the transportation sector, the people in general, and all groups that have not supported the stoppage to achieve peace and help the economic reactivation. Thus the growth process we began in January will not be obstructed by a situation that might be extremely dangerous. That is why we have

decided to solve many of the problems discussed during the preliminary meetings, and the solutions are included in this document.

[Reporter] The communique and the talks you held have [words indistinct] official communique.

[Vigil] In most cases, yes.

[Reporter] When will the [words indistinct]?

[Vigil] The measures taken by the Nicaraguan Government are intended to guarantee peace for the citizens and to overcome the impasse once and for, because it has cost the government between 7 and 8 million cordobas. We will recover the sum with better tax collection, meaning by increasing the efficiency of the administration. There will not be any new taxes. This must be quite clear from the beginning. We will make tax collection more efficient to create the revenues outlined in the budget, which was submitted to the National Assembly.

[Reporter] [Question indistinct]

[Vigil] We can try. The next agreement will be based on established policies and current prices at the international level.

[Reporter] What happens [words indistinct] if the strike continues and the [words indistinct]. What will the government do tomorrow?

[Vigil] Minister Mendieta will answer that question.

[Mendieta] First it is important to emphasize the government's efforts to find a negotiated solution to the transportation sector's problems. As the communique stated, it has been practically impossible to get these organizations together and find a joint solution. We believe the Government Ministry is capable of guaranteeing, through the National Police, the free circulation of people and vehicles throughout the national territory. We have deployed Police, Special Disarmament Brigades, and Special Riot Police forces to guarantee this free circulation. We have also deployed special units to clear areas where people have tried to close the streets. This has already been done. You can confirm that this has been permanently guaranteed throughout Managua despite threats that traffic would be obstructed.

Moreover, we want to point out that anyone who endorses a strike or an illegal stoppage will be punished according to the law. We want to state that all vehicles used to obstruct traffic and free circulation will be fined. Consequently, we think the measures taken today by the government should be sufficient to encourage people to set aside their current attitude. Nevertheless, we believe some people may still be trying to find pretexts for continuing their actions, but they will no longer be considered a result of the transportation sector problem. We would have to investigate those persons' plans.

We believe these measures are a clear answer to the proposals presented by the transportation sector. They will solve most of the problems we have discussed, and above all, they will guarantee peace for the citizens, as Minister Vigil said. We hope there are no more situations of this kind.

[Reporter] [Words indistinct] would you explain how will you manage to [words indistinct]?

[Vigil] We created the Temporary Transportation Council [Consejo Temporal del Transporte], but because some of the federations objected to the legal formation of this council, we decided to form a commission made up of all sectors that wish to participate so they, the sector representatives, can work with us to draft the new law that will be presented to the National Assembly. We do not want to draft that bill unilaterally. In fact, there is a pledge for an agreement, and the National Assembly president thinks it is very important for the Assembly transportation, energy, and communication commission to participate in drafting this new law.

[Reporter] There has been some discontent with bonds [words indistinct].

[Vigil] The bond process went very smoothly. In some minor cases the cooperatives did not provide the proper cooperation, and the lists needed to clearly define the number of members were not received on time. We must remember that many times there is a certain fluidity within the transportation cooperatives, with members moving from one cooperative to another, or one person resigning and another one joining. In December we established an effective system with the Finance Ministry to deal with this. We think we can improve it even further, with help from the cooperatives, to ensure that each member receives his corresponding coupons.

[Reporter] The organizations have said that they will meet with you again tomorrow. Will you accept?

[Vigil] The organizations that were here and that left late without reaching any agreement have been informed of this document. They are studying it, and we will meet with them tomorrow.

Over 100 Arrested, 10 Injured

PA2601191394 Paris AFP in Spanish 1605 GMT 26 Jan 94

[Text] Managua, 26 Jan (AFP)—Protest organizers assert that over 100 people have been arrested and 10 injured in the repression unleashed this morning by Nicaraguan policemen against transportation workers, who for the third consecutive day have been on an indefinite national strike.

The police repression came on the heels of a government announcement at midnight on Tuesday of a package of measures to benefit the transportation workers. The workers rejected the offer as insufficient and threatened to strengthen their protests against fuel prices.

Roberto Gonzalez, leader of the National Transportation Commission (CNT), denounced the arrest of "more than 100 companeros," while the Sandinist Radio Ya

reported 299 arrests. Government and police authorities have yet to confirm the figures.

Bus transportation was at a total standstill in the capital and various other locations around the country today. Some people erected barricades with bricks removed from the streets in parts of the city, reporters have confirmed.

The largest barricades were erected in the eastern part of the capital opposite the Parrales Vallejos Bus Cooperative, whose members are wearing masks to avoid being identified by the authorities. The cooperative members are apparently unarmed.

Riot police have been discreetly deployed in different parts of the capital to keep the peace.

Despite the blockades erected in three parts of the capital, the flow of private vehicles is normal. Supermarkets, banks, and businesses have kept doors open, but few people are on the streets.

Finance Minister Emilio Pereira asked that order be reestablished and said that "a country cannot be held hostage." He accused transportation workers of wanting to "stop the vehicle called Nicaragua," thus preventing the nation from overcoming its current serious economic stagnation.

Pereira reiterated the government's decision—announced last night—to freeze the price of gasoline, currently at $2.35 per gallon ($3.78 liter), until April.

However, transportation owners demand that the price of fuel be reduced to the level of Central American prices, which are below $2.00 per gallon.

The government also froze the price of kerosene and butane gas until April and decided to reduce the price of diesel to the price that existed in June 1993.

The finance minister also announced the delivery of coupons to taxi drivers and the elimination of the tax on license plates and traffic permits.

Government authorities called on transportation workers to form a transportation commission so a transportation law can be drafted quickly, as is demanded by the CNT, which is promoting the strike.

With these provisions, according to Transportation Minister Pablo Vigil, "there is no reason to prolong the strike," although it seems to be getting worse, according to the strike leaders.

Government Minister Alfredo Mendieta warned last night that the Riot Police, Special Disarmament Brigades (BED), and other security corps have been deployed to safeguard order.

Police Report 2 Dead

PA2701010594 Managua Radio Catolica in Spanish 2200 GMT 26 Jan 94

[Report by Ernesto Garcia from "The Nation Radio Newspaper" newscast]

[Text] The National Police [PN] confirmed this afternoon that two people have died and two others were seriously injured, all Hondurans. A police report states the dead as Carlos Mejia and an unidentified Honduran woman, and the injured as Hondurans Abel and Lorena Dubon Pazos.

The tragic accident occurred 7 km on the Northern Highway, which was blocked by a bus belonging to the Unidos Transportation Cooperative, license plate GB-0109. The bus was participating in a three-day-old strike called by transportation personnel against the Chamorro administration. The name of the bus' owner that caused the fatal accident is still unknown.

Commander Franco Montealegre, PN inspector general, presented a final count of those arrested in the wake of violent disturbances involving transportation carriers, which started early today and lasted until noon today at the PN Station No. 6, when the relatives of those arrested opposed their transfer to police installations. The police leader reported 206 arrested so far. He added that 19 minors, between the ages of 13 and 14 years old, were released.

The cooperatives with the largest number of arrested members are: the 2 August Cooperative with 12; Jorge Salazar Cooperative, 22; Ricardo Morales Cooperative, 31; (Arlensiu) Cooperative, 36; and Democratic Efforts Cooperative, 20. The police report states that 12 of those arrested do not belong to a cooperative.

Commander Montealegre categorically denied that the police fired on the relatives of those arrested at noon today at the PN Station No. 6. He also denied the police attacked media representatives:

[Begin Montealegre recording] [Words indistinct] it is said they used excessive force. Quite the contrary, they faced heavy resistance during the operation [words indistinct] there are no injures, as they claim. That is, the police acted prudently. The police acted in a legitimate fashion. The transportation carriers' actions [words indistinct] they violate the rights of others. [end recording]

There are still roadblocks in front of the Sandinist Barrales-Vallejo Cooperative headquarters at this time. A police cordon, which was established about 100 meters from the roadblock erected by the Sandinist cooperative, is still in place. The military controls the main roads. Police checkpoints are still in place, and groups of transportation strikers are still picketing the area.

Drivers Demand Release of 225 Strikers

PA2701015994 Panama City ACAN in Spanish 0025 GMT 27 Jan 94

[Excerpt] Managua, 26 Jan (ACAN-EFE)—Dozens of taxi drivers have parked their vehicles in front of the Government Ministry building in this capital to demand the release of 225 strikers who were arrested during the third day of an indefinite transportation strike.

The official radio station reported that the number of taxis participating in the protest could reach 200 vehicles and that police have intervened to guarantee the free movement of vehicles and pedestrians in the area.

Meanwhile, Sandinist Deputy William Ramirez told the media that police have stopped transferring 65 of the 225 arrested strikers to the Police Processing Unit out of fear of strikers staging a "rescue attempt." Police have charged the strikers with meeting with criminal intent and disrupting public order. The strikers were arrested after they set up the first barricades and "blockaded" streets with buses and taxis.

After reports by relatives of police beatings, Nicaraguan Government Minister Alfredo Mendieta authorized representatives of Human Rights Commissions to visit the prisoners to verify their situation. [passage omitted]

Strike Assessed; Situation Normal

PA2701042894 Managua Radio Nicaragua Network in Spanish 0231 GMT 27 Jan 94

[News conference by Finance Minister Emilio Pereira and Construction and Transportation Minister Pablo Vigil with unidentifed reporters; place not given; from the "News and a Little Bit More" newscast—live]

[Excerpts][Pereira] Good evening, Radio Nicaragua, and good evening to all Nicaraguans who are listening to us at this time. We would like to share with you our assessment of today's events in response to the measures the government took last night concerning fuel prices and the decision to instruct the Government Ministry on the preservation of public order.

The response has definitely been positive and the situation is returning to normal. We see the people are starting to return to work and their other activities little by little. [passage omitted]

I am going to allow Construction and Transportation Minister Pablo Vigil to speak because he has been monitoring the transportation situation throughout the day. He will now speak to you.

[Vigil] Good evening, Radio Nicaragua listeners. As Dr. Pereira noted, we assessed the development of the transportation situation nationwide. At this time we can confirm, from touring Managua and based on reports we have received from the regions of the country, that the police have guaranteed unobstructed transit on all our roads and highways in a very normal way, except for a few points in Managua, near the facilities of the Parrales-Vallejo Cooperative.

We have observed that citizens have been able to freely move about and drive the streets of Managua and the highways today. The p 'ice have maintained constant patrols. We noticed great calm. Certain routes of urban and interurban bus lines have started to operate. There was greater activity in the afternoon. We noticed a normalization in activities. We think this is a positive response by citizens to the measures the government announced on 25 January.

We urge carriers who have not yet returned to work to do so tomorrow because we think that to increase production and progress we must show support and solidarity with those who have made great efforts to reach their workplaces.

Fortunately, people have found solutions to their transportation problems. This has prevented an interruption of most economic activities in the country. Therefore, I urge the people in general, those who have not yet returned to work, especially the drivers, to do so on 27 January.

Of course, as the government, we are always willing to talk with all sectors. As representatives of the transportation sector, we are always willing to negotiate and talk with the various members of a sector as important as this one.

We must clarify that the fuel problem is not the only one facing the transportation sector. It is essential we maintain a dialogue, and an attitude that will allow us to find alternatives to ensure the citizens have adequate transportation.

Radio Nicaragua, thank you very much. To the Nicaraguan people, we say the government is very determined to find solutions to all problems to ensure we will have a better Nicaragua in the future. Thank you very much.

* Mistakes, Improvements in Economy Discussed

94CA0059B Managua BARRICADA in Spanish 21 Dec 93 p 11

[Article by Alejandro Martinez Cuenca]

[Text] The year 1993 is about to end. Taking a look backward is always a good exercise. If we do so with an open and constructive attitude, we may find out where the problems were and where we can refocus our actions to help improve future prospects.

Many international, political, economic, and social factors were present in 1993. They all had an impact on the year now ending, one of the worst of the last 14 years for Nicaragua.

The living conditions of large parts of society deteriorated; a considerable number of agricultural, industrial, commercial, and service enterprises had to close their doors or are now on the verge of bankruptcy. The unemployed population has continued to grow; frustration levels have soared; there has been a surge in crime; and the insecurity felt by citizens all over the nation has increased.

Delays in the arrival of foreign aid and the strings attached to it have served as an economic disincentive and have had psychological repercussions on important sectors of our national life. In addition, the continuing infighting of Nicaragua's political class has fostered a

climate of constant anxiety. Moreover, the rigid application of erratic and contradictory economic policies has deteriorated still further the social conditions of the majority of the population.

Economics

Despite all this, particularly the erroneous economic policies of the year that is ending, and thanks to the good luck of abundant rainfalls all over Nicaragua, some encouraging signals for agricultural prospects in 1994 have appeared. Agriculture is the backbone of Nicaragua's economic and social life.

There is no doubt that the transition process Nicaragua is going through is complex and difficult. Inconsistency in the application of economic instruments and a highly compartmentalized view of economic, political, and social processes, combined with the difficulties imposed by the international context, meant that the economic recovery and social stability goals for 1993 were not achieved.

The economy is still seen by government policymakers as part of an accounting system, in which all the effort is concentrated on making sure that the various accounts close out, without thinking that the economy is more than simple addition and subtraction. Economics involves social and productive relations that must be taken into account, but 1993 was marked by a deep recession that will produce a new decline in the GDP [gross domestic product] of 0.7 percent and a further erosion of per capita income.

Policies and Undesired Effects

Unemployment and underemployment rose to over 50 percent of the economically active population; a third of the nation's households are living in extreme poverty.

Deregulation and privatization of the economy, intended to reduce state intervention and shift more responsibility to the private sector, have not helped to stimulate the economic and productive process.

On the contrary, the state has been reduced, but its regulatory capacity has not grown stronger; instead, this process has created greater disruption in the production and circulation of goods and services, with negative effects on the population.

The existence of a certain overvaluation of the cordoba in relation to the dollar, the high degree of indexing of the economy, and the rapid tariff-lowering process were factors which, rather than helping to develop markets, have distorted markets. These policies have deepened the economic recession and produced a greater concentration of income.

As production has continued to fall, the economy has grown more vulnerable to the vagaries of foreign aid. Therefore, uncertainty and difficulties related to the availability of foreign resources may influence changes in economic policy; these factors fed the inflationary spiral and people's expectations.

The major policies of 1993 that shored up the stabilization program produced undesired effects. Among those are:

- a) Credit policy. Keeping interest rates high was a stimulus to attract resources for the financial system, although they do not support a real credit expansion that will promote production. High interest rates combined with the loan guarantees demanded by commercial banks have barred access to credit for a large number of small producers.
- b) Exchange policy. The strong indexing of the economy has kept the exchange rate from serving as a stimulus for export production. Maintaining an overvalued exchange rate in the absence of other complementary policies has slashed gross international reserves, making economic stability even more vulnerable.

The Rainy Season, a Positive Factor

- c) Fiscal policy. The monetary policy of 1993, which continued to impact on domestic demand, brought about a reduction in real income, leading to a highly restrictive spending policy. This had the effect of worsening the economy in general, causing a deterioration in basic services and higher unemployment.
- d) Fixed investment, estimated at 13 percent of the GDP, remained depressed. Public investment, which represents about 60 percent of the total, was less strong than originally projected because of problems with formulation, execution, and follow-up, among others. Private investment experienced a very slight and insufficient growth as if to compensate for cuts in the originally programmed investment. This was due to a lack of clear policies and signals to economic agents, combined with political instability.
- e) Despite the factors mentioned above and the recessive character of the economy during 1993, the good rainy season will permit an increase in agricultural production in the 1993-94 season, which could generate moderate economic growth next year.

A rapid economic recovery supported by new stimulus policies that should be introduced in 1994 could allow us to turn the 1993 experience around and move to a position of hope and greater optimism. Then we may be able to say that 1993 was the year when we hit the bottom of the barrel, and now the only way we can go is up, as we try not to sink still further in a search for new "false bottoms."

* Changing Outlook for Chamorro, FSLN Viewed

94CA0059C Managua EL NUEVO DIARIO in Spanish 20 Dec 93 p 4

[Article by Aldo Diaz Lacayo]

[Excerpts] Nicaragua's political physiognomy has radically changed in the past six months. Five different but ultimately interrelated events that occurred in this period have exacerbated and, at the same time, clarified the profound political crisis in Nicaragua: the Esteli

massacre; the dual Quilali-Managua kidnapping; the presidential announcement of the removal of General Humberto Ortega Saavedra from the Army leadership; the transport workers' strike; and the dispute between the National Assembly, through the Sandinist bench, and Comandante Daniel Ortega Saavedra, secretary general of the FSLN [Sandinist National Liberation Front]. The direct consequences of each of these events are undeniable and obvious: the Army's loss of prestige; the consolidation of UNO [National Opposition Union] as a valid participant in resolving the political crisis; the new dispute between the executive and the EPS [Sandinist People's Army]; the evidence that the government's economic problem is limited to controlling inflation and reducing the fiscal deficit; and the great importance to the public of the Sandinist leadership's internal crisis. On the margins of all this, the overall consequences of the intensification of the crisis possess a terminal seriousness; they necessarily imply a qualitative change.

To start with, for the first time since she became president—over three years ago—the president is generally perceived as directly responsible for three of the five events listed above; this means that also for the first time the people identify her as in charge of the government. In other words, the intensification of the crisis has apparently obliterated the president's image as **chief of state**, changing it from that of a naive but manipulated governor, outside the loop of administrative blunders and widespread official corruption, to that of a person who shares responsibility for this mismanagement. This change in image has many political implications. In the first place, the political establishment will direct its batteries against her, more and more ignoring Antonio Lacayo; the same thing is going to happen—or perhaps is already happening—in the government-Washington relationship. Secondly, in these conditions, the only option the president has is a national accord to complete her government with the seal of its only moderately successful policy: **reconciliation and peace**. If she is not able to do this, she will be forced to seek alliances with forces on the far right, to the detriment of the precarious political stability achieved so far, and also to the detriment—in the third place—of her alliance with the Sandinist leadership. [passage omitted]

The Crisis in the Sandinist Top Leadership

Moreover, the impact of this intensification of the crisis on the Sandinist leadership has also been brutal, so much so that it can be said that the Sandinist leadership has been the hardest hit of all. In this regard, the first thing this analysis reveals is that the Sandinist Front's national leadership has been forced to recognize as full participants not only UNO—which in the past it ignored—but also several of the small groups that make it up, some of them as leadership groups. Consequently, the Sandinist leadership has not been able to elude—much less neutralize—the UNO tactic of creating several fronts for fighting the Sandinist Front, no matter whether some of these fronts are presented as quasi-allied and others as open enemies. In negotiating with the government, the Sandinist Front has been weakened. The greatest expression of this weakness is the complexity that the mechanics of the national dialogue has taken on: interminable bilateral discussions prior to a constantly more remote general dialogue among all the parties.

This weakening of the Sandinist Front, though, is not the result of a sudden strengthening of UNO or the government; it is the result of the internal crisis of Sandinism itself that has reached its highest level, first in the public confrontation with the president on the occasion of the announcement, also public, that she made at the anniversary celebration of the EPS, and later in the open clash between the secretary general of the Sandinist Front and the head of the Sandinist bench in the National Assembly (parliament). The first demonstrated Sandinism's lack of real weight in its relations with the government, so painstakingly and at such great cost worked out by the national leadership, using the argument—denied by reality—of preserving to the utmost the gains of the revolution; and the second is the new balance of power inside the Sandinist leadership, which also stems from its own weakness. Comandante Daniel Ortega has in essence lost the activist support of the FNT [National Workers Front], as it has virtually ceased to exist as a consequence of privatization and more specifically of the newly created APT [Workers' Ownership Sector]; that is, as a consequence of the party leader-worker/businessman dispute; nor has Dr. [Sergio] Ramirez managed to develop partisan support through the centrist trend that has faded away.

The High Price of the Head of Rene Vivas

In addition, if the Sandinist leadership had placed any hopes on the Army, it is clear that those expectations are about to become or have already become another chimera: with its own internal crisis, the Army cannot now realistically help the Sandinist Front. Nor can anything be said about the police. It is as if the police did not even exist, so great was the price of the head of Comandante Rene Vivas, a concession made more in the context of the Sandinist Front's internal struggles than as a strategic decision. The concession of the police to these imperial demands, as some well-known members with a long history in the party had pointed out earlier, anticipated the new situation of the EPS, but those who are deaf and blind refuse to hear and to see.

As a result, the Sandinist leadership will no longer be able to ignore the demands of the party's grass roots for the accord that without any doubt will have to be reached in the first Extraordinary Congress: that no member of the national leadership may run as a presidential candidate in the 1996 general elections, and that the party must immediately begin to promote a number of other party members for that purpose. This gives new importance to the Extraordinary Congress and a new reason for the Sandinist grassroots to fight for a precise statement of their objectives. The national leadership apparently got itself into trouble without any hope of escape when it gave up the Sandinist Front's political program, which has never lost its force, in a vain search

for an alternative to neoliberalism. In addition to being the best alternative, that political program is the best weapon to combat the neoliberal project; so much so that a great price was paid to convince the world that the Sandinist political program was strategic and not tactical in nature.

FSLN Leadership Weak, Grass Roots Huge

Of course, in terms of leadership the Sandinist Front is a very weakened party, but at its grass-roots level it remains a huge, strong, combative...and disorganized party. It is weakened because of the daily struggle for survival amid unemployment and discrimination—even of the Sandinist brothers themselves—because of the organic dispersion brought about by the real split in the leadership and because of the lack of clear objectives and of a consistent organic structure. So, once again bringing together the party's grass roots is a problem of consequence between partisan objectives and political action, between principles and discourse, between theory and practice. That is why it is useless to talk about organic reorganization without attacking the in-depth problem, the problem of the party's true nature. That is something that only the Extraordinary Congress can resolve, so long as it acts in accordance with the demands of the grass roots; this is another argument in favor of the Sandinist Front's First Extraordinary Congress.

Government More Isolated Than Ever

The government is obviously not in very good shape. On the contrary, it is now more isolated than ever, with the entire national political spectrum arrayed against it, and it has only a promise of aid, with strings attached, from Washington. The government is so isolated that the national consensus is that it should end its term whenever it can. The advantage of this is that it requires a greater consensus concerning a minimum national accord enabling all the participants to prepare for the 1996 general elections in a climate of reasonable political stability. The struggle, then, is taking place around the national dialogue, where political stability is more a means than an end, a means for the great electoral contest of 1996. The disadvantage is that this struggle may once again alter the national political physiognomy, both because of the balance of power that may result from the national dialogue and because of the definitive frustration arising from this dialogue that could reach the groups on the far right. Although in terms of numbers these groups are minuscule, they have a great reproductive capacity through the media, including the Sandinist media.

In reality, during the past six months, Nicaragua has become another country.

Panama

Molirena Reelects Ramirez as Party President

PA2601165494 Panama City EL PANAMA AMERICA in Spanish 25 Jan 94 p 8c

[Text] Alfredo Ramirez was reelected president of the Nationalist Liberal Republican Movement (Molirena) during the party's 23 January convention at the Atlapa Convention Center. Ramirez has served in various ministries and was once a presidential hopeful. He is currently a member of the Canal Commission Board of Directors. Alfredo Ramirez has headed Molirena for the past 10 years and has been unanimously reelected to another five-year term.

Solidarity Party To Face Elections Alone

PA2601234594 Panama City LA PRENSA in Spanish 25 Jan 94 p 2

[Article by Manuel Alvarez Cedeno]

[Text] Solidarity Party [PS] President Samuel Lewis has announced his political organization will face the election process alone without alliances to save the party's honor and ethical principles. Taking advantage of a news conference held yesterday at PS headquarters, Lewis read a communique explaining the official PS position on the 8 May presidential elections.

The PS unsuccessfully tried to forge electoral alliances with the Nationalist Liberal Republican Alliance [Molirena], the Christian Democratic Party [PDC], and the Arnulfista Party, which already have their three-member presidential tickets. Lewis said the party's conciliatory efforts to reach agreements that would serve as a basis for unity and constructive work have been fruitless. According to the Electoral Tribunal, 8 February is the deadline for the political parties to officially announce their candidates.

The PS president said that with rare exceptions, resentment, personality conflicts, and the repulsive practice of seeking and proposing alliances to obtain political privileges still prevail in the political parties.

The PS announced its proposal "to run independently in the upcoming elections and to appeal to the people and uncommitted political parties to form a grand dignity front to secure an elections victory" to its political organizations.

The PS president has not discarded the possibility of an alliance with the National Unity Mission, which is also planning to run alone in the upcoming elections.

Solidarity will hold its party convention on 30 January and conventioneers are expected to ratify the presidential ticket proposed by the party's political committee, composed of Lewis, who heads it; Carlos Clement, first vice president; and Marisin Villalaz, second vice president.

Argentina

Official On Falklands; Relations With Brazil, Chile

PY2601181594 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1410 GMT 26 Jan 94

[Text] Buenos Aires, 26 Jan (NA)—Foreign Ministry Secretary General Andres Cisneros said that "having the justification is not enough" when he referred to the Malvinas Islands, and he explained that the current policy on this matter is centered on negotiations with Great Britain.

Thus, Cisneros answered a series of criticisms by expert Federico Ruiz Guinazu, who maintained that "the Foreign Ministry is mistaken regarding the Malvinas" because it does not center its demands on the basis of "sound rights that must be reiterated repeatedly."

Cisneros stresses: "Isolation alienated the country from the world's centers of power, it caused a confrontation with the United States at an immense cost, and it systematically alienated it from the rest of Latin America; although the country tried to establish a minimum of ties with the continent's countries, in the end we ended up clearly being the unpopular party."

He defended the current policy when he indicated that Brazil and Chile had never been "potential partners because they had always been two of our hypothetical military opponents."

The Malvinas was the third hypothesis, "which ended up with the country embarking on a war with the country that is the owner of the world's third-largest navy, an ally of the planet's most powerful nation, a policy-making partner in NATO [acronym given in English], and a permanent member of the UN Security Council."

The official highlighted the fact that currently trade with Chile has tripled in view of reciprocal investment amounting to several million dollars, and that Brazil "is the main purchaser, the second- largest supplier, and it is a partner in a common market [Common Market of the South], together with two other members, that will change the region's history."

Regarding the Malvinas, Cisneros maintains that in this matter "a community of interests and the joint exploitation of resources that will, in time, provide the basis of coexistence that one day will help in agreeing to a non-traumatic transfer of sovereignty" is currently being sought.

"The negotiating alternative evolves, not from the replacement of the law, but as a second stage that is logically the continuation of the basically legitimate alternative, which for 50 years has demonstrated that it is capable of obtaining the justification for us, but not the islands." Cisneros said in a signed note to a Buenos Aires morning newspaper.

In this respect, he indicated that Argentina has always pointedly and efficiently demanded Argentina's rights over the islands at each and every one of the appropriate forums.

Bolivia

Antinarcotics Forces Arrest Drug 'Kingpin' Isaac Chavarria

PY2701011094 Madrid EFE in Spanish 2049 GMT 26 Jan 94

[Excerpts] La Paz, 26 Jan (EFE)—The newspaper LA RAZON reported today that alleged Bolivian drug "kingpin" Isaac Chavarria was arrested by the Special Antinarcotics Force (FELCN) during a vast operation that included the arrests of another 43 "important" drug traffickers.

According to LA RAZON, Chavarria's arrest was announced by a "source close to the U.S. Embassy in La Paz."

The Interior Ministry announced that it will summon a news conference within the next few hours to provide details about the antidrug operation that led to Chavarria's arrest.

The Santa Cruz police department has reported that 18 persons have been arrested over the last few hours in antidrug operations conducted in Cochabamba and Santa Cruz Departments.

During these operations the police confiscated several of Chavarria's properties in Okinawa, a town settled by Japanese immigrants located 40 km from Cochabamba.

Chavarria, a private pilot who is around 45 years old, was involved in the "narcopictures" and "narcovideos" political scandal that occurred at the end of the 1980's, which compelled political parties to achieve agreements and bury investigations on the alleged connections between political leaders and drug traffickers. [passage omitted]

According to U.S. Embassy sources in La Paz cited by LA RAZON, Chavarria became one of the largest drug traffickers after Carmelo "Meco" Dominguez was arrested, and is presumably one of the main suppliers of cocaine to the Colombian cartels.

Brazil

Thai Foreign Minister Visits To Promote Trade, Investment

PY2701024094 Sao Paulo GAZETA MERCANTIL in Portuguese 26 Jan 94 p 3

[Article by Maria Helena Tachinardi]

[Text] Brasilia—Thai Foreign Affairs Minister Prasong Sunsiri has told this newspaper that Brazil is the Latin American country with the greatest potential for receiving Thai investment. During a working meeting with his Brazilian counterpart Celso Amorim at the

Foreign Ministry yesterday, Sunsiri decided to postpone the opening of a Thai commercial bureau in Brazil. The minister decided rather to begin by seeking to promote commercial and economic ties with Brazil, and by sponsoring a seminar in 1994 for entrepreneurs to exchange views and become acquainted with the economic situations in the two countries.

For Sunsiri the main problem is distance, for which reason Brazil "does not import products like jewels, electronics, and textiles" from his country. In 1992 the bilateral exchange stood at $367 million, of which $13.3 million are accounted for by Thai exports. Brazilian sales on the Thai market amounted to $353.7 million.

The Thai minister added that the two countries do not have the same economic potential. In the technological field, he said, Brazil is ahead in some areas, while Thailand is ahead in others. "We must use this in joint investments, 'joint ventures,' and in cooperation with other markets," he said. "Within the foreseeable future I see the economies of Europe and the United States going through a period of recession, while the economies of Asian and Pacific countries will grow." Sunsiri said that in the 21st century Brazil will have to look toward the Pacific in a different manner, as an alternative to dependence on European and U.S. markets.

The minister is accompanied by three entrepreneurs: Kanchana Thaichon, of Thailand's Chamber of Commerce; Prasert Poongkumarn, senior vice president of C.P. Trading Company, and Suphat Wibulseth, of the same enterprise. The C.P. Trading Company is Thailand's biggest group, with investment in various sectors such as farm industries and telecommunications. The entrepreneurs will afterwards visit Santiago de Chile and Buenos Aires.

The objective of the tour of Chile and Argentina is to sound out opportunities for investment. Chile, the minister said, will become a full APEC—Asia Pacific Economic Cooperation—member in 1995.

Brazilian imports from Thailand include natural rubber products, motorcycle accessories, cameras, watches, and teleprinters.

Protocol Signed With PRC To Promote Pharmaceutical Exchange

PY2701012194 Sao Paulo GAZETA MERCANTIL in Portuguese 26 Jan 94 p 7

[Text] The Health Ministry and the PRC Pharmaceutical State Administration yesterday signed a protocol of intention with a view to promoting technical exchange in the pharmaceutical area. The Brazil news agency has reported that the document provides for, among other things, exchange of information in the areas of of raw material purchasing, final products, and the provision of technology.

Health Minister Henrique Santillo said that the government has great expectations over the expansion of bilateral cooperation with the PRC. The protocol provides for training and consultation services by professionals of the two countries, and for the possibility of creating joint medical and pharmaceutical facilities in Brazil and in the PRC.

The PRC mission, which is headed by PRC Pharmaceutical State Administration Director Huang Jive—who signed the protocol on behalf of his country—will stay in Brazil until tomorrow. A Brazilian mission made up of state laboratory directors and technicians from the National Health Control Secretariat will visit the PRC in April to observe the facilities of the PRC state company and to discuss the strengthening of the protocol terms.

Increased Foreign Capital Interest in Privatization Viewed

PY2601201394 Sao Paulo FOLHA DE SAO PAULO in Portuguese 23 Jan 94 p 10

[Article by Nilton Horita]

[Text] A new and thrilling Brazilian adventure is under way. Following the vogue for stock exchanges and Eurobonds, the purchase of companies and real estate has become the fashion among foreign investors. Citibank, for example, is investing $1 billion in the privatization of Brazilian state-owned enterprises and in launching a $100-million fund to purchase shares in Brazilian companies.

The Chemical Bank has followed suit. It is analyzing Brazilian companies with growth potential. Funds like these are also open to Brazilians, but their financial resources must be huge—anybody with $5 million at his disposal may consider himself a candidate.

This is the reason why investors are companies and capitalists at the top of the tree in the financial world. Garantia, one of the forerunners of this new market in Brazil, is successfully managing an investment fund that has already invested $30 million.

The purchase of Artex by Garantia was, in fact, that sort of business deal. The new owners of Artex are the shareholders—both Brazilians and foreigners—in Garantia Partners (GP)—a fund especially established for this business transaction.

Claudio Haddad, a Garantia manager, stated that this market deals with companies that do not negotiate shares on the stock exchange and that have some special characteristics. "We also have a special fund for medium-sized companies," he said.

Pactual and Icatu Bank have also followed suit. The largest fund is that of Icatu, with assets totalling $100 million. The much-publicized DM-9 advertising agency only exists because of investments by Icatu. Once Nizan Guanaes became a successful, international advertising man, Icatu sold its shares in DM-9 to the owners of the company.

This market looks as if it will be the fashion in the financial world this year. JP Morgan recently bought 15 percent of Latasa stocks and 10 percent of Mappin

stocks. This is a strategy followed by JP Morgan worldwide—it buys shares in companies with good possibilities and then sell them at a profit.

As Citibank Vice President Jose Monforte explains: "We are beginning a new round [preceding word in English] of company ownership changes. The generalized feeling is that the country will achieve stability, because of time considerations, and resume growth. This situation creates a good opportunity to make money."

If everything turns out all right, the value of assets will increase. Monforte believes many companies will be unable to keep up with the new stage of growth due to the lack of capital.

"Once they become aware of that, they will inevitably have to start selling," he says, adding that "every foreign investor with whom I talk remarks on this trend."

Icatu Bank President Daniel Dantas explains that investment funds may also participate in new endeavors that spring from brilliant ideas—like what happened in the United States with Apple, one of the great successes in computer science that started in a garage.

Dantas notes: "We invested, for example, in Nilton Molina, a former insurance broker. It is a pleasure to see how successful he is. If any businessman, regardless of the size of his business, wishes to talk to us, he need only look for us. Money is no problem."

This aggressiveness in the Brazilian market has led the Chemical Bank to bring specialists to Brazil. "Capital flows wherever there are good business opportunities," says Chemical Bank Investment Director Wayne Perkins, adding that "we must enter now, otherwise our competitors will outstrip us."

PMDB President Opens Debate on Broad Electoral Alliance

PY2701014794 Rio de Janeiro O GLOBO in Portuguese 26 Jan 94 p 3

[Article by Jose Bastos Moreno]

[Text] Brasilia—Deputy Luiz Henrique, president of the PMDB [Brazilian Democratic Movement Party], has started a debate on an alternative presidential candidacy to that of PT [Workers Party] leader Luis Inacio Lula da Silva. He has already talked with Finance Minister Fernando Henrique Cardoso (PSDB) [Brazilian Social Democracy Party], and has arranged meetings with Sao Paulo Governor Luiz Antonio Fleury Filho (PMDB), Rio de Janeiro Governor Leonel Brizola (PDT) [Democratic Labor Party], and former Sao Paulo Governor Orestes Quercia (PMDB). Luiz Henrique is formulating a proposal for an alliance of the PMDB, PSDB, PDT, and PTB for the successor to Itamar Franco, based on suggestions made by the presidents of regional party branches and by government leader Pedro Simon.

"We must find a name with popularity on the streets," Luiz Henrique said.

MDB Deputy for Rio Grande do Sul Antonio Britto, who will run for governor in his state, said he is striving for the alliance, because he believes that "the alliance will have to be made, either today as a gesture of greatness, or tomorrow from necessity."

"May God permit that the alliance be made through greatness."

Recife Mayor Jarbas Vasconcellos (PMDB) said that for 15 days Simon has debated his proposal with the main PMDB leaders. Vasconcelos, who according to Simon is one of those who should participate in the debates, said he has already adopted a position on the subject: The candidate must enjoy popularity on the streets, and in this regard PSDB Senator Mario Covas is currently a good option, despite the fact that he has declared himself a candidate for the governorship of Sao Paulo.

Despite his continuing work for an alternative candidacy to that of Lula, PMDB Senator for Rio Grande do Sul Pedro Simon, the government leader in the Senate, yesterday said at Planalto Palace that a ticket made up of the president of the PT and of PSDB President Tasso Jereissati would be the favorite for the election.

Simon said: "I am not against the PT, and I believe Tasso as Lula's vice president would make a good ticket."

Simon advocated the Lula-Tasso ticket while denying that he has proposed the creation of an alliance between the PMDB, PSDB, PDT, and PTB. According to Simon, the only objective of his proposal for the formation of a coalition of social democratic parties is to prevent "the appearance of a new Collor."

* IBGE Releases November Unemployment Data

94SM0183D Sao Paulo GAZETA MERCANTIL in Portuguese 30 Dec 93 p 8

[Article by Vera Saavedra Durao: "Number of Unemployed in Country Drops"]

[Text] Rio de Janeiro—The rate of open unemployment in the country's six metropolitan areas (Rio de Janeiro, Sao Paulo, Belo Horizonte, Salvador, Recife, and Porto Alegre) in November was 4.57 percent, down from 4.89 percent in October and 5.82 percent in November 1992, it was reported yesterday by the Brazilian Institute of Geography and Statistics (IBGE).

Of the six metropolitan areas surveyed by the institute, Recife was the only one showing an increase: unemployment there was 8.28 percent in November, compared to 7.93 percent in October, and 8.77 percent in November 1992. Unemployment dropped in the other areas: to 5.30 percent in Salvador (5.42 percent in October), 3.40 percent in Belo Horizonte (3.84 percent in October), 3.56 percent in Rio de Janeiro (3.90 percent in October), 5.08 percent in Sao Paulo (5.45 percent in October), and 2.82 percent in Porto Alegre (3.56 percent in October).

That almost general trend toward a lower rate of open unemployment in the six metropolitan areas was accompanied by a rise in the average rate of activity in those

regions—to 61.09 percent, compared to 60.29 percent in October—meaning that more jobs were available.

All sectors of economic activity experienced less unemployment in November, examples being the processing industry (5.97 percent compared to 6.11 percent), construction (5.25 percent compared to 5.86 percent), commerce (4.61 percent compared to 5.10 percent), and services (3.51 percent compared to 3.64 percent).

The IBGE also announced an increase in the employed population in the six metropolitan areas (15,474,639, compared to 15,428.279 in October), meaning that 46,360 people entered the labor market.

Despite that, the number of employees with work cards fell by 2 percent in the labor market, while the number of "cardless" workers grew by 5 percent, thus confirming the growth of the informal labor market.

Average Real Incomes

The average real income of employed individuals last October was up 14 percent over October 1992. The outstanding increases were in commerce (average real wages up 22 percent), the processing industry (16 percent), and services (14 percent). Self-employed workers experienced the largest increase in real income in October 1993: up 27 percent over the same month in 1992.

* Petrobras Forecasts 7.5 Percent Production Rise

94SM0183E Sao Paulo GAZETA MERCANTIL in Portuguese 4 Jan 94 p 14

[Article by Fatima Belchior: "Petrobras Forecasts 7.5 Percent Rise in Brazilian Production This Year"]

[Text] Rio de Janeiro—After producing an average of 669,000 barrels per day throughout 1993, the oil fields scattered around the country are expected to increase their output by 7.5 percent in 1994: to 719,000 barrels per day. The jump in gas production will be even greater: from 20.2 million cubic meters per day to 24.6 million cubic meters per day—a rise of 22 percent.

It happens that 1993 was not one of the most promising years for investment in Petrobras, which was working with a limited budget. Investments by the end of the year totaled about $2 billion, of which something like $980 million was spent to develop the production of petroleum and natural gas.

But results were better than the company expected, according to the assistant superintendent of the Production Department, Bergson Antonio Cajueiro. The company extracted 669,000 barrels per day, or 6,000 barrels per day more than had been expected initially.

By the end of the year, the country had produced about 2 million barrels more than expected, with the result that it did not have to import the equivalent of $32 million worth. Compared to 1992, petroleum production was up 2.4 percent, and gas production was up 6 percent.

That performance was due in particular to the fact that the Bijupira-Salema (Campos Basin) and Caravela (Santos Basin) fields produced more than expected in Petrobras' initial calculations. There was also increased operational productivity, according to Cajueiro.

The stars in petroleum production in 1993 were the Campos Basin off the Rio de Janeiro coast and the Santos Basin, which extends from Cabo Frio in Rio de Janeiro to Santa Catarina. They played an important part in the increase in production and in reserves, which, according to preliminary Petrobras calculations, ended the year at 4 billion barrels, or 8.1 percent more than the total of 3.7 billion barrels in 1992.

All indications are that the Campos and Santos Basins will continue to perform outstandingly in 1994, when Petrobras plans to invest $1.1 billion to develop our country's petroleum and natural gas production. The amount scheduled for all Petrobras deals is $3.4 billion, according to Orlando Galvao, the company's financial director. Two-thirds of that will be spent on petroleum exploration and production.

Challenge

Increasing petroleum production from 669,000 barrels per day to 719,000 is being considered a challenge at Petrobras. After all, as Cajueiro explained, that will come to 50,000 more barrels per day, a quite significant amount. Moreover, there will be the natural decline in production by producing wells. If nothing is spent to expand production, production will fall from 669,000 barrels per day to 629,000 barrels per day—a drop of 40,000 barrels per day. So in fact, according to Cajueiro's calculations, Petrobras will have to produce an additional 90,000 barrels per day to achieve 719,000 barrels per day (40,000 to make up for the natural decline in production plus the additional 50,000). By the end of the year, assuming an average price of $16 per barrel (based on 1993 prices through November), the state firm will have saved $520 million that it otherwise would have had to spend on petroleum imports. The major contributors to increased production will be the giant Marlim and Albacora fields (in the Campos Basin), Caravela (Santos Basin), and Urucu (Amazon Basin).

If petroleum production of 719,000 barrels per day (on average) is confirmed by the end of 1994 and if consumption is on the order of 1.3 billion barrels per day (a conservative estimate), our country's oil fields will be supplying 55 percent of our domestic requirements, while the remaining 45 percent will have to be imported.

Colombia

Guerrillas Deny Responsibility for Uraba Deaths

PA2601160694 Paris AFP in Spanish 0219 GMT 26 Jan 94

[Text] Mexico, 25 Jan (AFP)— The Simon Bolivar National Guerrilla Coordinating Board [CNG] issued a communique on 25 January in Mexico City denying any

responsibility for the killings in Uraba, northeast Colombia, and blaming the "(regular) Army and its offspring, the paramilitary."

The guerrillas accused the Colombian Government of "irresponsibly and deceitfully" blaming the Revolutionary Armed Forces of Colombia, a member of the CNG, for the 35 deaths on 23 January.

In a text entitled "Infamy or Cynicism?", the CNG said this is not the first time there has been killing in that area, "which has become the center of a dirty war and state-sponsored terrorism."

The CNG adds: "It has been proven that violence is being promoted by the Army and paramilitary groups working for Fidel Castano, a drug trafficker who donates land for military bases and the founder of the deadly 'Persecuted by Pablo Escobar.'"

The guerrillas noted that the Colombian Government's expressed goal is "to isolate the guerrillas politically through lies and slander and by blaming them for actions linked to the dirty war."

The CNG concluded: "We know the people of Uraba will overcome this night of terror caused by the government through the Army and its offspring, the paramilitary. The people will punish the culprits for the blood shed by their children."

* Editorial Comments on Recent Election Polls

94SM0176A Santa Fe de Bogota EL TIEMPO in Spanish 28 Dec 93 p 4A

[Editorial: "The Polls"]

[Text] The polls have turned into a source of confusion rather than clarity, particularly during the pre-election period. We believe that when well-conducted, they are a good—and necessary—tool for measuring public opinion trends and preferences with respect to a given candidate, product, issue, or current event. However, what has been happening with the latest surveys of voting intentions in terms of presidential candidates could undermine the indispensable credibility that pollsters must have in order to perform their task with all due responsibility.

Last week, we Colombians learned of two opinion polls concerning the presidential race, polls conducted by the same firm (although one of them had been subcontracted) that yielded very different results. In the poll ordered by precandidate Andres Pastrana, Pastrana led, while the other one, contracted by this daily newspaper, showed Ernesto Samper in the lead. A few days later, the polling experts said that while the results were apparently contradictory, they actually reflected similar trends and that, with respect to most of the figures obtained, the disparity could be explained by the margin of error. Whatever the case, the campaigns of presidential candidates very frequently include polls in which the person ordering them generally fares very well. Inversely, when such polls are not favorable to them, there is an attempt to conceal them, an attitude that could be considered legitimate from a propaganda viewpoint, but one that is not very honest to a public assaulted and confused by this war of disinformation.

It is important to dispel any doubt about what some of our fellow citizens generally think of the polls: that they are manipulated in favor of those ordering them. That is why we applaud the decision of the National Election Council (CNE) to require the various polling companies, domestic or foreign, to register with it and abide by certain minimum rules before the media may divulge their work on the political preferences of potential voters. The CNE also prohibits the publication of polls conducted directly by the media without complying with such requirements as total disclosure of the poll, the sources of funding, type and scope of sampling, estimated margin of error, and other factors.

We are sure that the CNE's decision to intervene in these matters results from the necessary transparency that polls and surveys must have, particularly when they concern such delicate issues as stating which presidential candidate has the greatest chance of winning that office. We hope that the technical commission that is to be appointed to oversee compliance with the provisions contained in the CNE's resolution will not become a shelter from the citizens' right to be well-informed and that it will begin, as we once tried to do, to filter the questionnaires and content of the polls.

As we approach the final stretch of the presidential campaign, it is important to set clear rules of play that must be followed by the different polling firms in order to prevent public opinion from being disoriented by the election preferences of the Colombian people. Polls are unquestionably beginning to be a fundamental part of our political culture, but we must take great care to prevent them—rather than ideas and proposals—from becoming the center of the debate that will occur this year. It is a debate that will enable us to select the man best prepared to govern our country's destiny rather than simply the man found to be most attractive, as if it were merely a beauty contest rather than an election for the highest office in the land.

* ANDI Foresees Problems in Adjusting to G-3 Accord

94SM0182B Santa Fe de Bogota EL TIEMPO in Spanish 14 Dec 93 p 3C

[Text] It will not be easy for the industrial sector to adjust to the integration program of the Group of Three (G-3), and it has just five years to change its production structure so that it can compete with the Mexicans.

This was stated by the president of the National Association of Industrialists (ANDI), Carlos Arturo Angel Arango, in a message to the members of the association.

According to Angel Arango, it was not easy to get good results in negotiations in which the trade commitments

had been defined beforehand and the political circumstances, with the imminent change of government in Venezuela, required immediate decisions.

The leader of the business association said that in view of these circumstances, an overall evaluation leads to the conclusion that the negotiations were handled well by the Foreign Trade Ministry.

In his view, the Colombian industrial sector "will not find it easy" to adjust to the new system. He explained that the country-of-origin standards will be more stringent for Colombian companies and for other sectors because their production conditions are less favorable than those of Mexico, and the new developments will provide little or no protection from that country's goods.

"Nevertheless," added Angel, "we are not interested in discussing the mechanisms contained in the agreement right now; the ANDI will do that later, and the necessary analyses are being prepared for that purpose."

Angel indicated that the trade agreement with Mexico goes much further than this type of pact usually does. The commitment will be a key factor in the country's future tariff situation, making the economic liberalization irreversible and its expansion inevitable.

The president of the ANDI reiterated that the Colombian industrial sector is preparing to compete with an economy like Mexico's, which, in turn, must face the challenge of competing on an equal footing with the United States.

The Agreement

Angel suggested that we join the Free Trade Agreement quickly; otherwise, we will be at a disadvantage in competing with Mexico, especially with regard to raw materials and capital goods, "since our partner will have the benefit of having the United States as a supplier in the next few years."

As the agreement stands now, Colombia may export 62 percent of its industrial goods tariff-free, while Mexico may sell only 16 percent of its goods tariff-free.

Mexico, on the other hand, will have to wait five years before the products that were on the semi-slow list can enter the Colombian market free of tariff.

Other sectors' goods will see annual tariff decreases of 10 percent for the next 10 years.

The tariff protection of vehicles will be dismantled in two years. In addition, the agreement calls for the creation of an automotive committee that is to establish a barter program within two years. This instrument obliges Mexico to import from Colombia a greater value of vehicles than it exports.

In agriculture, it was decided to exclude from the liberalization program farm products that are subject to price bands or receive some type of subsidy in Mexico.

The pact brings the Colombian economy into an expanded market with 145 million consumers, in a region producing $373 billion worth of goods and services (gross domestic product).

* Import Growth Rate Seen Decelerating

94SM0182A Santa Fe de Bogota EL TIEMPO in Spanish 16 Dec 93 p 1B

[Text] Imports are coming into the country at a slower rate, but foreign buying is still at a high level.

Between January and August, imports totaled $6.435 billion, an increase of 55.7 percent over the same period of the previous year.

According to the director of the National Administrative Department of Statistics (DANE), Rodolfo Uribe, this growth rate means that external purchases are stabilizing, especially considering that in the first half of the year, the increase was 77.9 percent.

In the first eight months of the year, Colombia's exports totaled $4.662 billion, 2.5 percent higher than the figure for the same period in 1992.

This means that imports were $1.773 billion higher than exports, resulting in a deficit in the balance of trade.

Last year, the shortfall was just $414 million. In other words, in a year, the trade deficit (spending on imports exceeding earnings from exports) quadrupled.

The trade gap can be explained by the increase in domestic demand for foreign goods, the recession in developed countries, the decline in international prices for Colombia's main exports, and the coffee crisis.

If the government's predictions hold true, by the end of 1993 the trade deficit should fall to $1.297 billion.

In other words, the country will have to curb the rate of imports even further and add more dynamism to exports.

The government expects external sales to rise by 5.6 percent by the end of the year, while imports are slated to grow by "only" 48.5 percent.

By Sector

When imports are broken down by sector, it can be seen that the greatest increase is in capital goods and construction materials.

Foreign purchases in this sector totaled $2.508 billion, a jump of 91.20 percent over the figure for the first eight months of 1992.

The greatest dynamism can be seen in construction materials, with a growth of 110 percent. Capital goods for industry rose 53 percent, to a total of $1.452 billion.

Colombians bought foreign consumer goods amounting to $1.125 billion, an increase of 70.69 percent over the previous period.

Colombia's main supplier continues to be the United States, whence 34 percent of its imports came during the period in question.

Purchases made in the United States were less dynamic, however, than those made in Japan and Venezuela, Colombia's two other major partners.

Whereas U.S. imports rose by 47.7 percent, imports from Japan and Venezuela doubled.

Customs revenues (from tariffs and the value-added tax) doubled as of August, climbing from 441.406 billion pesos to 937.956 billion pesos.

The greater increase, 95 percent, was seen in value-added tax (IVA) collections.

The DANE explained that the import figures are subject to change as a result of corrections or revisions in payments made by the Directorate of National Taxes and Customs (DIAN).

* Wealth of Country's Drug Traffickers Viewed

94WD0160Z Santa Fe de Bogota EL TIEMPO in Spanish 12 Dec 93 p 2C

[Commentary by Antonio Urdinola: "The Wealth of the Colombian Mafia"]

[Text] Nearly all the studies made regarding the drug traffic's economic impact on Colombia have been focused on the issue of the foreign currency entering the country through that activity, and its effects on monetary management and the balance of payments. Nevertheless, these criteria are insufficient for assessing the real dimensions of the business and, hence, its social and economic implications.

Last week, it was stated in this column that drug traffickers are currently accumulating assets in Colombia at an annual rate of approximately $2.5 billion. This figure was reached through a series of rather elementary considerations. In the first place, it is well known that most of the contraband entering the country is financed with Mafia dollars. It is paid for in pesos once the merchandise has been sold. The same device is used in the case of underbilling imports, especially consumer goods.

It has been estimated very conservatively that, for every $4.00 worth of legal imports, another dollar is now entering through contraband or underbilling, taking advantage of the indiscriminate commercial openness practiced by this administration. This means that, through such expedients, drug traffickers are accruing income in the country that could be estimated at $1.5 billion per year.

To be added to this are the dollars of illegal origin arriving as direct transfers from abroad, in banknotes from dealings such as fictitious tourism, or from overbilling of exports, which could amount to another $600 million annually.

Finally, we should remember that much of the acquisition of assets in the country is being done by drug traffickers through the purchase of properties paid for abroad. Through this device, large sums of illegal origin have been accumulated, and are in the hands of Colombian citizens completely dissociated from the drug business.

If we assume that the total value of the nation's material wealth (natural resources, including land, construction, and equipment) is four times the value of the GDP [gross domestic product], estimated at nearly $60 billion for 1993, we would find that, at the current rate, drug traffickers are acquiring one percent of that material wealth annually. Recalling that we have had 20 years of that business in Colombia, it does not seem absurd to think that the Mafia probably now owns 10 percent of the country's goods, as well as a similar volume abroad. The latter is disguised in a thousand different ways, through the 52 notorious tax havens.

Fortunately for Colombia, that 10 percent of the national wealth is distributed among the 10 or 15 drug cartels, with their several thousand members. This causes the political power generated by that wealth to be established primarily on the regional level.

So long as drug consumption and trafficking continue to be illegal internationally, the Colombian drug traffickers will inevitably keep on accruing enormous earnings abroad. They will be brought into the country on a large scale if future governments do not change the extremely lax and indiscriminate commercial and exchange policies existing at present, and if tax amnesties as extensive as the previous ones continue to be enacted.

Ecuador

Indian Group Sends UN Letter Seeking Mediation in Mexico

PA2701012594 Paris AFP in Spanish 2235 GMT 26 Jan 94

[Text] Quito, 26 Jan (AFP)—The Confederation of Indian Nationalities of Ecuador (Conaie) today asked for UN mediation to put an end to "the abuses committed against the brother peoples of Mexico."

In a letter sent to UN Secretary General Butrus Butrus-Ghali, Conaie, which comprises the Indian communities of Ecuador, indicated that the uprising in Chiapas "is not an isolated incident but, rather, a social response to the prevailing conditions of poverty" extant in Latin America. Conaie said it is calling on the high-ranking international official to "in human terms" intervene in Mexico to help put an end to the abuses committed by against Indians in Ecuador.

The communique adds that it is the UN's "moral and political obligation" to guarantee the lives of the Indians in some way, because they are the "victims of the ferocious genocidal war waged by the Mexican Army."

It adds: "It cannot be possible that instead of providing human solutions to centuries of suffering, entire communities are being bombed."

The communique also says: "Measures such as declaring an amnesty or calling for a dialogue are insignificant in

the solution of this dramatic situation if the economic interests of the dominant classes are not set aside."

According to Conaie, the events in Chiapas "are not promoted by a guerrilla group," but are "social reactions that should make all governments on the continent reflect about the need to review and change their neoliberal models."

Paraguay

PRC Delegation Interested in Increased Bilateral Trade

PY2701014994 Asuncion ULTIMA HORA in Spanish 26 Jan 94 p 23

[Text] A PRC business delegation held a meeting with their Paraguayan colleagues at the Business Chamber of Commerce and Stock Exchange building during which they expressed their desire to increase bilateral trade with the objective of improving the well-being of Chinese and Paraguayans.

Nicolas Gonzalez Oddone, chiarman of the Paraguayan Business Chamber of Commerce and Stock Exchange, said: "This is the first time such a high-ranking delegation of PRC businessmen has visited Paraguay. We are very happy because the Business Chamber of Commerce and Stock Exchange seeks to establish ties between Paraguayan and foreign businessmen to promote trade. We have welcomed the Chinese delegation and organized a round of very encouraging negotiations. Many Paraguayan businessmen attended these negotiations, and contacts were made."

The Chinese businessmen showed interest in increasing commercial ties with Paraguay. In 1992, Paraguayan cotton exports to China totaled 25 million guaranies.

Gonzalez Oddeone said that China is a huge market with over 1 billion consumers, and that Paraguay can learn a lot from it. He explained that China is the country experiencing the greatest economic development among Pacific Rim countries, which have deregulated and opened their economies resulting in a massive inflow of capital.

He added: "This meeting is of fundamental importance because these are the first negotiations being held with the Chinese, who are from a country with which Paraguay has no diplomatic ties."

Moreover, Gonzalez said that Paraguay cannot ignore a market of over 1 billion inhabitants with a more advanced economic development. He added that Parguay will obtain great benefits from establishing economic ties with China.

The Chinese delegation was headed by the chairman of the Chinese Business Chamber of Commerce, seated in Beijing; and Xie Jianqun, current vice chairman of the China Council for the Promotion of International Trade. Xie Jianqun said said China is interested in both exporting and importing several products with the objective of improving the well-being of Paraguayan and Chinese consumers. He also noted the importance of the negotiations in stating that this is the first time all members of the council have visited Paraguay.

He added: "In the past we engaged in indirect bilateral trade transactions, and even some direct transactions on a small scale. We hope that by expanding our contacts with Paraguayan businessmen and through a better knowledge of each other bilateral trade will develop in the future."

Antinarcotics Secretary Gives Details on Struggle

PY2601204094 Asuncion ULTIMA HORA in Spanish 26 Jan 94 p 7

[Text] General Ramon Rosa Rodriguez, retired, the new executive secretary of the National Antinarcotics Secretariat (Senad), has said the resources available to the agency for repressing drug trafficking are "infinitely less" than the resources available to traffickers. Rodriguez said if he finds any military officer or influential person involved in the illegal trade he will arrest him or resign from his post.

"We have a limited amount of money available, while drug traffickers have large amounts. For this reason we have infinitely less resources than those available to traffickers. It is very difficult to be even in this respect," Rodriguez said.

Gen. Rodriguez was appointed to the post in a surprise move. His name was not mentioned as a candidate for the post and his designation was therefore a surprise.

Gen. Rodriguez told us that he was first in his class at the Military School promotion of 1955. He then entered the Military College. He went to Panama where he took infantry training courses at an U.S. instruction center. He then travelled to the United States to take general staff training courses.

He retired in December 1992 when he was 3d Corps general staff chief. He confirmed that he worked for the candidacy of the present head of state in the Colorado Party primaries and the presidential race.

As an example of the need to have the means to fight drug trafficking, Rodriguez said: "If I am the cook and someone wants to eat a steak, I have to get meat. If that person wants a steak and I only have rice and noodles, he will not get a steak from me."

What Rodriguez means is that in his short time as Senad secretary he was able to see the need for improvements knowing that the resources are limited. He talked about the lack of radar and interceptor planes to fight trafficking by air in the Chaco.

He indicated that trafficking by land in the Chaco is controlled by the military units in that zone, but even so more personnel are required.

Asked about the possibility that a high-ranking military man or an influential individual in the government try to get his complicity, Gen. Rodriguez said he will have two options. First, resort to the president to implement sanctions, and second resign.

"I am the boss" said Rodriguez, who pointed out that he will not allow another individual to run the institution at his will. He reiterated the support he received from the president.

Previous Senad administrators said they were seriously investigating money laundering in our country. Rodriguez said the work started by the previous team continues. He was not able, however, to give details of the investigation because he did not have the information.

He emphasized that for the time being he will not replace the men working with him. He indicated there may be changes in the future.

Regarding drug addiction in our country, Rodriguez said this problem is not yet that serious but it could get worse if corrective measures are not taken on time.

Peru

International Cooperation Secretary Interviewed

PY2601145094 Lima EL PERUANO in Spanish 17 Jan 94 p A4

[Interview with Eduardo Ishii Ito, executive secretary of the Ministry of the Presidency's International Technical Cooperation, CTI, agency, by unidentified EL PERUANO reporter; place and date not given]

[Excerpts] [Passage omitted] [EL PERUANO] What is CTI's situation in Peru now that conversations with the U.S. Government have resumed?

[Ishii] Our International Technical Cooperation is going through a process of growth and clear evolution at a time when we are resuming full diplomatic relations at the ambassadorial level.

[EL PERUANO] Regarding the national drug prevention and control plan, what agreements have been reached with U.S. Ambassador Alvin Adams? What is the implementation schedule?

[Ishii] The U.S. ambassador met the president of the commission responsible for drawing up the drug control and prevention master plan. He offered his cooperation, in the methodological aspect, for writing the draft of the document that will be presented at the end of February in accordance with deadlines established by law. [passage omitted]

[EL PERUANO] What agreements are being implemented and what ones are in a process of approval by the CTI in Peru?

[Ishii] During 1933 we created joint commissions to negotiate and program important projects for the country's development. We arranged intergovernmental meetings with Germany, Spain, the Netherlands, and the EEC. We also arranged other preparatory meetings for negotiating diverse projects. This year we will have joint commissions with Switzerland, Great Britain, Spain, the Netherlands, and other countries. [passage omitted]

[EL PERUANO] Is there a certain method or system developed by the CTI in Peru that is being copied by other countries? How does that system operate?

[Ishii] Technical cooperation in Peru has developed and implemented diverse ways of implementing projects, particularly in emergency zones. The implementation of small social interest projects (Pepicos) and the creation of cooperation funds, which gather and convert donations of food, equipment, and machinery into cash, are important. We have used those funds to implement sustainable development projects in areas where the government has very little influence. We also must stress that project implementation is direct, that is, it is carried out by those will benefit from the program.

[EL PERUANO] How large is U.S. participation in the fight against drugs?

[Ishii] There are U.S. personnel in the country. They are deployed in the Upper Huallaga region. This support is in answer to bilateral agreements between the United States and Peru.

[EL PERUANO] Are there any suggestions for Peru and other countries to form a common strategy at the world or hemispheric level within the new guidelines established by the United States to fight drug trafficking?

[Ishii] The Peruvian Government has a defined position regarding the fight on drugs because it is a problem affecting all countries, consumers and producers alike, one way or another. This means that we must form a common strategy to fight drug trafficking.

[EL PERUANO] How much did the CTI receive during 1993? How much does it expect to receive during 1994?

[Ishii] During 1993 the CTI received nearly $400 million. This year we expect to receive approximately $500 million.

* Terrorist Attacks in November Dropped Drastically

94SM0180A Lima DESCO SPECIAL REPORT in Spanish Nov 93 pp 10-11

[DESCO SPECIAL REPORT No. 31: "Political Violence in Peru Today," issued by Peru's Center for Development Studies and Promotion (DESCO)]

[Text] November has seen less political violence than almost any other time during the 13 years of war. During this month, there were 36 subversive actions, resulting in 42 deaths: six military personnel, one police officer, 11 civilians, and 18 alleged subversives [as published].

In a way, it was predictable that Shining Path [SL], especially, would pull back in November, after launching a larger number of actions for two months in a row in September and October.

This month's actions occurred primarily in Lima, which is still in first place with 20 attacks (56 percent). SL focused most of its bombings on private businesses. There were three car bombings during the month, two of

them in commercial areas in Miraflores and Camacho, while the third one went off near an Army barracks.

The second-largest number of assaults took place in the jungle region, with eight actions (22 percent). In the province of Leoncio Prado, there were six clashes, two of them open confrontations between subversives and security forces. The other four battles arose out of counter-subversion actions by the Army. And in Leoncio Prado and Huanuco, subversives carried out annihilation attacks against civilians.

The central region was in third place out of four, with five assaults (14 percent). Two of these actions were successive confrontations involving the Tupac Amaru Revolutionary Movement (MRTA) and the Army in Chanchamayo Province. The other two were SL bombings in Huancayo Province.

Last place in terms of subversive actions was taken by the northern region, with three assaults (8 percent). Two of the incidents involved the MRTA; in one they jammed the radios of the Chimbote National Police and in the other they rescued two of their members as they left the Chimbote courthouse.

Terrorist Attacks by Region: November

- 1. Lima 56%
- 2. Jungle 22%
- 3. Central 14%
- 4. Northern 8%

As for the number of casualties, the central region occupied first place with 24 (57 percent). All were members of the MRTA, killed in clashes with Army troops in the province of Chanchamayo.

In second place was the jungle region, with 14 casualties (33 percent). Six were Army soldiers who died in two battles with SL in Leoncio Prado Province. In addition, eight civilians were killed in SL incursions in the provinces of Huanuco and Leoncio Prado.

In third and last place were the northern and Lima regions, which tied at two deaths (5 percent) each. In the northern region, an incursion by Shining Path in the village of Huayllapampa in Recuay Province resulted in the death of a lieutenant governor and a teacher.

In Lima, a petty officer in the National Police was gunned down from a car in the Cercado district, and a woman was killed when an explosive device went off in a bank office in San Juan de Lurigancho.

Victims by Region: November 1993

- 1. Central 57%
- 2. Jungle 33%
- 3. Lima 5%
- 4. Northern 5%

There were no subversive actions in the principal region. The National Police exhibited 10 alleged members of SL in Huamanga and another nine in Huancavelica.

Finally, in the mid-northern region, another eight alleged SL's were exhibited.

Casualties and Attacks by Region in November

Region	Casualties					Attacks
	Military	Police	Civilians	Subversives	Total	
Lima	0	1	1	0	2	20
Northern	0	0	2	0	2	3
Wari						
Central	0	0	0	24	24	5
Jungle	6	0	8	0	14	8
Total	6	1	11	24	42	36

Venezuela

Demonstrations Continue Following Student's Death

PA2601173494 Paris AFP in Spanish 1630 GMT 26 Jan 94

[Text] Charallave, Venezuela, 26 Jan (AFP)—High school and university students demonstrated today in this small city, 50 km southeast of Caracas, marking the second consecutive day of street violence .

The students protested the death of a 16-year-old high school student, who was killed yesterday when a tear gas bomb hit her in the head. The incident took place amid disturbances in the bedroom community of Los Teques, 20 km southeast of Caracas.

National Guard Seizes Control of Town in Wake of Violence

PA2601225794 Paris AFP in Spanish 2034 GMT 26 Jan 94

[Text] Los Teques, Venezuela, 26 Jan (AFP)—Journalists who were eyewitnesses report that today at about 2000 GMT (1600 local time) the militarized National Guard seized control of the streets and avenues of this sleepy community located 20 km southwest of Caracas.

Los Teques became the stage of violent student demonstrations during the funeral of a high school student killed last night by a teargas grenade. According to related reports, demonstrators hurled rocks at regional and municipal government installations (of Miranda

State, which extends to the east and southwest of Caracas). Demonstrators also set two vehicles on fire.

Jessica Diaz, a 16-year-old high school student, died last night during a student protest, when she was struck in the head by a teargas grenade. In the morning, tense calm was reported in Los Teques as a vigil for Diaz concluded amid expressions of sorrow by her classmates, who gathered under strong police surveillance. Under the watchful eyes of the militarized National Guard, violence erupted when the funeral procession began marching toward the local cemetery to bury Diaz.

[Paris AFP in Spanish at 2119 GMT on 26 January transmits a related 150-word, Puerto La Cruz-datelined report that adds: "Witnesses today said that student demonstrations, which have been shaking Venezuela for two weeks so far, have again spread to the tourist city of Puerto La Cruz, where a truck driver was injured and 11 students were arrested."]

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